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WELLS FARGO BANK, N.A.

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

ALICIA HERNANDEZ, *et al.*,
individually and on behalf of all others
similarly situated,

Plaintiffs,

v.

WELLS FARGO & COMPANY and
WELLS FARGO BANK, N.A.,

Defendants.

No. 3:18-cv-07354-WHA

**DEFENDANT WELLS FARGO BANK, N.A.'S
ANSWER TO FIRST AMENDED CLASS
ACTION COMPLAINT**

1 Defendant Wells Fargo Bank, N.A. (the “Bank”), for itself and no other individual or entity,
2 hereby responds to the First Amended Class Action Complaint in the above-captioned matter as
3 follows:

4 INTRODUCTION

5 1. Plaintiffs are among the hundreds of homeowners who lost their homes to foreclosure
6 because Wells Fargo wrongly determined they did not qualify for a mortgage modification.

7 **ANSWER:** The Bank denies the allegations in paragraph 1.

8 2. This was not an accident, but rather the result of years of a willful and reckless lack
9 of central oversight by Wells Fargo’s Board and executive leadership that has led to repeated
10 compliance breakdowns and billions of dollars in government fines.

11 **ANSWER:** The Bank denies the allegations in paragraph 2.

12 3. For years, Wells Fargo failed to verify or audit its loan modification software to
13 ensure it was properly calculating homeowners’ eligibility for government-mandated mortgage
14 modifications. Material errors remained uncorrected in the software for five to eight years, if not
15 longer.

16 **ANSWER:** The Bank denies the allegations in paragraph 3.

17 4. The federal government cited Wells Fargo in 2011 for failing to adequately audit its
18 mortgage modification and foreclosure procedures, and Wells Fargo’s Board and executive
19 leadership promised to implement ongoing testing to ensure that the Bank complied with
20 government requirements in the future. But they failed to live up to that promise and multiple errors
21 in Wells Fargo’s decision-making software remained unaddressed.

22 **ANSWER:** The Bank denies the allegations in paragraph 4.

23 5. Wells Fargo’s leadership failed to implement adequate testing even after the
24 government found that another error in the Bank’s software had led the Bank to wrongfully deny
25 mortgage modifications in 2013-2014. Wells Fargo was cited again for failing to properly oversee
26 the Bank’s mortgage modification and foreclosure operations, but still did nothing to stop others like
27 Plaintiffs from being wrongfully denied mortgage modifications and foreclosed upon.

28 **ANSWER:** The Bank denies the allegations in paragraph 5.

1 6. Not until 2015 did Wells Fargo discover one of the errors that led it to wrongfully
2 deny mortgage modifications to Plaintiffs and hundreds of other homeowners. But rather than
3 coming clean, Wells Fargo kept its discovery secret—likely in an effort to avoid additional
4 government penalties. The government had previously imposed restrictions on Wells Fargo’s
5 mortgage servicing business and announced fines, with the amount of the fine and the duration of
6 business restrictions dependent on the length and severity of the Bank’s continued non-compliance.
7 Had Wells Fargo disclosed another scandal that led it to unlawfully deny mortgage modifications to
8 hundreds of customers, the government likely would not have lifted its business restrictions in 2016
9 and would have imposed a far more severe penalty than the \$70 million fine it ultimately issued.

10 **ANSWER:** The Bank denies the allegations in paragraph 6.

11 7. The Wells Fargo Board’s repeated failure to fulfill its oversight responsibilities,
12 despite promising to do so as part of multiple consent decrees, has grown so flagrant—and led to so
13 many scandals and consumer abuses—that the Federal Reserve just last year placed an asset-cap on
14 Wells Fargo that will not be lifted until Wells Fargo convinces the government it has finally
15 reformed its central oversight practices. The Federal Reserve’s cease-and-desist order has been
16 described as a “Fear of God Penalty,” with one expert opining that the Bank is “lucky it is too big to
17 shut down.”

18 **ANSWER:** The Bank admits that the Federal Reserve placed an asset cap on Wells Fargo &
19 Company in 2018. The Bank denies the remaining allegations in paragraph 7.

20 8. After the Federal Reserve issued the asset-cap in February 2018, Wells Fargo
21 announced an overhaul of its Board. Wells Fargo has since disclosed to its shareholders what it
22 learned in 2015— that hundreds of its customers were wrongfully and unlawfully denied mortgage
23 modifications, with many of those customers subsequently losing their homes. Following that initial
24 disclosure, Wells Fargo discovered yet another error in its automated decision-making tool, which
25 caused even more homeowners to be wrongfully denied mortgage modifications. Wells Fargo has
26 warned its customers that even more errors and more affected customers may be uncovered as its
27 review continues.
28

1 **ANSWER:** The Bank admits that in 2018, it disclosed that a calculation error in its mortgage loan
2 modification underwriting tool led to borrowers being incorrectly denied a trial loan modification,
3 and that for some of those borrowers, a foreclosure was completed. The Bank denies the remaining
4 allegations in paragraph 8.

5 9. Although Wells Fargo publicly claims to be turning over a new leaf to make things
6 right for its customers, it is unwilling to fairly compensate the customers whose lives its reckless
7 behavior forever changed. Hundreds lost their homes and yet Wells Fargo told its shareholders it was
8 allocating less than \$13,000 per person as remediation. Wells Fargo then moved to dismiss this
9 action with prejudice, so that its customers would receive nothing more than it pre-allocated for
10 them. Wells Fargo wants to be the sole arbiter of how much remediation it should pay—with little
11 regard for the financial and emotional devastation its reckless behavior has wrought on Plaintiffs’
12 and class members’ lives.

13 **ANSWER:** The Bank admits that it moved to dismiss this action with prejudice. The Bank
14 denies the remaining allegations in paragraph 9.

15 10. Plaintiffs are seeking to hold Wells Fargo and its leadership truly responsible for their
16 repeated and deliberate failure to ensure the Bank was complying with legal requirements. They seek
17 certification of a nationwide class of homeowners wrongly denied a mortgage modification; a larger
18 emotional distress class to address the claims of children and other family members who also lost
19 their homes as a result of Wells Fargo’s conduct; and several statewide classes that will allow class
20 members to efficiently pursue additional claims under state consumer protection laws. Plaintiffs also
21 intend to pursue entry of an injunction or other equitable relief sufficient to prevent the continued
22 use of Wells Fargo’s unfair practices, and treble and punitive damages pursuant to state law.

23 **ANSWER:** The Bank admits that Plaintiffs seek certification of several classes, injunctive relief,
24 and treble and punitive damages pursuant to state law. The Bank denies that this action may
25 properly be maintained as a class action and denies that Plaintiffs are entitled to any of the relief they
26 seek.

JURISDICTION

11. The Court has subject matter jurisdiction over this action under 28 U.S.C. § 1332(d)(2) because this is a class action in which the amount in controversy exceeds \$5,000,000, exclusive of interest and costs; in the aggregate, there are more than 100 members in the proposed classes; and at least one class member is a citizen of a state different from any defendant.

ANSWER: No response is required to the legal conclusions of paragraph 11. To the extent a response is required, the Bank does not dispute the subject matter jurisdiction of this Court under 28 U.S.C. § 1332.

12. Venue is proper in this Court under 28 U.S.C. § 1391(b) because Defendants reside in this district and because a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in this district.

ANSWER: No response is required to the legal conclusion of paragraph 12. To the extent a response is required, the Bank denies the allegations of paragraph 12.

INTRADISTRICT ASSIGNMENT

13. Assignment to the Oakland/San Francisco division is proper because Wells Fargo & Company is headquartered in San Francisco, California and a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred there.

ANSWER: No response is required to the legal conclusion of paragraph 13. To the extent a response is required, the Bank admits that Wells Fargo & Company is headquartered in San Francisco, California. The Bank denies the remaining allegations in paragraph 13.

PARTIES

14. Plaintiff Alicia Hernandez is a resident and citizen of Easton, Pennsylvania. Ms. Hernandez was denied a mortgage modification and her New Jersey condominium was foreclosed upon as a result of the conduct alleged herein.

ANSWER: The Bank admits that Plaintiff Alicia Hernandez is a resident and citizen of Easton, Pennsylvania, upon information and belief. The Bank also admits that Plaintiff Alicia Hernandez was denied a trial mortgage modification and that the property securing her loan ultimately was foreclosed upon. The Bank denies the remaining allegations in paragraph 14.

1 15. Plaintiff Debora Granja is a resident and citizen of Eugene, Oregon. Ms. Granja was
2 denied a mortgage modification and her home in Brentwood, California, was foreclosed upon as a
3 result of the conduct alleged herein.

4 **ANSWER:** The Bank admits that Plaintiff Debora Granja is a resident and citizen of Eugene,
5 Oregon, upon information and belief. The Bank also admits that Plaintiff Debora Granja was denied
6 a trial mortgage modification and that the property securing her loan ultimately was foreclosed upon.
7 The Bank denies the remaining allegations in paragraph 15.

8 16. Plaintiff Keith Lindner is a resident and citizen of California. Mr. Lindner was denied
9 a mortgage modification and lost his home in Visalia, California, as a result of the conduct alleged
10 herein.

11 **ANSWER:** The Bank admits that Plaintiff Keith Lindner is a resident and citizen of California,
12 upon information and belief. The Bank also admits that Plaintiff Keith Lindner was denied a trial
13 mortgage modification and that the property securing his loan ultimately was foreclosed upon. The
14 Bank denies the remaining allegations in paragraph 16.

15 17. Plaintiff Emma White is a resident and citizen of Jacksonville, Florida. Ms. White
16 was denied a mortgage modification and her home in Callahan, Florida, was foreclosed upon as a
17 result of the conduct alleged herein.

18 **ANSWER:** The Bank admits that Plaintiff Emma White is a resident and citizen Jacksonville,
19 Florida, upon information and belief. The Bank also admits that Plaintiff Emma White was denied
20 a trial mortgage modification and that the property securing her loan ultimately was foreclosed
21 upon. The Bank denies the remaining allegations in paragraph 17.

22 18. Plaintiff Coszetta Teague is a resident and citizen of Homewood, Illinois. Ms.
23 Teague was denied a mortgage modification and her home in Calumet City, Illinois, was
24 foreclosed upon as a result of the conduct alleged herein.

25 **ANSWER:** The Bank admits that Plaintiff Coszetta Teague is a resident and citizen of
26 Homewood, Illinois, upon information and belief. The Bank also admits that Plaintiff Coszetta
27 Teague was denied a trial mortgage modification and that the property securing her loan
28 ultimately was foreclosed upon. The Bank denies the remaining allegations in paragraph 18.

1 19. Plaintiff Iesha Brown is Ms. Teague's daughter, and also a citizen and resident of
2 Illinois.

3 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth or
4 falsity of the allegations of paragraph 19, and, on that basis, denies the allegations of paragraph 19.

5 20. Plaintiffs Russell and Brenda Simoneaux are residents and citizens of Baton Rouge,
6 Louisiana. Mr. and Mrs. Simoneaux were denied a modification of the mortgage on their Louisiana
7 home as a result of the conduct alleged herein.

8 **ANSWER:** The Bank admits that Plaintiffs Russell and Brenda Simoneaux are residents and
9 citizens of Baton Rouge, Louisiana, upon information and belief. The Bank also admits that
10 Plaintiffs Russell and Brenda Simoneaux were denied a trial mortgage modification. The Bank
11 denies the remaining allegations in paragraph 20.

12 21. Plaintiffs John and Yvonne Demartino are residents and citizens of Baltimore,
13 Maryland. The Demartinos were denied a mortgage modification and their house in Baltimore,
14 Maryland, was foreclosed upon as a result of the conduct alleged herein.

15 **ANSWER:** The Bank admits that Plaintiffs John and Yvonne Demartino are residents and
16 citizens of Baltimore, Maryland, upon information and belief. The Bank also admits that Plaintiffs
17 John and Yvonne Demartino were denied a trial mortgage modification and that the property
18 securing their loan ultimately was foreclosed upon. The Bank denies the remaining allegations in
19 paragraph 21.

20 22. Plaintiff Rose Wilson is a resident and citizen of New York. Ms. Wilson was denied a
21 mortgage modification and her New York home was foreclosed upon as a result of the conduct
22 alleged herein.

23 **ANSWER:** The Bank admits that Plaintiff Rose Wilson is a resident and citizen of New York,
24 upon information and belief. The Bank also admits that Plaintiff Rose Wilson was denied a trial
25 mortgage modification and that the property securing her loan ultimately was foreclosed upon. The
26 Bank denies the remaining allegations in paragraph 22.

23. Plaintiff Tiffanie Hood is a resident and citizen of Ohio. Ms. Hood was denied a mortgage modification and her Ohio home was foreclosed upon as a result of the conduct alleged herein.

ANSWER: The Bank admits that Plaintiff Tiffanie Hood is a resident and citizen of Ohio, upon information and belief. The Bank also admits that Plaintiff Tiffanie Hood was denied a trial mortgage modification and that the property securing her loan ultimately was foreclosed upon. The Bank denies the remaining allegations in paragraph 23.

24. Plaintiffs George and Cyndi Floyd are residents and citizens of Philadelphia, Pennsylvania. The Floyds were denied a mortgage modification and their house in Lancaster, Pennsylvania, was foreclosed upon as a result of the conduct alleged herein.

ANSWER: The Bank admits that Plaintiffs George and Cyndi Floyd are residents and citizens of Philadelphia, Pennsylvania, upon information and belief. The Bank also admits that Plaintiffs George and Cyndi Floyd were denied a trial mortgage modification and that the property securing their loan ultimately was foreclosed upon. The Bank denies the remaining allegations in paragraph 24.

25. Plaintiff Troy Frye is a resident and citizen of Georgia. Mr. Frye was denied a mortgage modification and lost his home in Hephzibah, Georgia, as a result of the conduct alleged herein.

ANSWER: The Bank admits that Plaintiff Troy Frye is a resident and citizen of Georgia, upon information and belief. The Bank also admits that Plaintiff Troy Frye was denied a trial mortgage modification and that the property securing his loan ultimately was foreclosed upon. The Bank denies the remaining allegations in paragraph 25.

26. Plaintiff Diana Trevino is a resident and citizen of Richardson, Texas. Ms. Trevino was denied a mortgage modification and her Texas home was foreclosed upon as a result of the conduct alleged herein.

ANSWER: The Bank admits that Plaintiff Diana Trevino is a resident and citizen of Richardson, Texas, upon information and belief. The Bank also admits that Plaintiff Diana Trevino was denied

1 a trial mortgage modification and that the property securing her loan ultimately was foreclosed upon.
2 The Bank denies the remaining allegations in paragraph 26.

3 27. Defendant Wells Fargo & Company, is a Delaware corporation headquartered in San
4 Francisco, California, and a registered bank holding company that owns and controls Defendant
5 Wells Fargo Bank, N.A.

6 **ANSWER:** The Bank admits that Wells Fargo & Company is a registered bank holding company
7 and a Delaware corporation headquartered in San Francisco, California. The Bank denies the
8 remaining allegations in paragraph 27.

9 28. Defendant Wells Fargo Bank, N.A., is a national banking association with its main
10 office in Sioux Falls, South Dakota, and designated principal place of business in San Francisco,
11 California.

12 **ANSWER:** The Bank admits that it is a national banking association with its main office in Sioux
13 Falls, South Dakota. The Bank denies the remaining allegations in paragraph 28.

14 29. For purposes of this complaint, Plaintiffs will use “WFC” to refer to Wells Fargo &
15 Company, “Bank” to refer to Wells Fargo Bank, N.A., and “Wells Fargo” when referring to both of
16 the defendants. As explained in further detail below, the Bank and WFC shared responsibility for
17 ensuring that the Bank’s operations were properly tested to ensure compliance with HAMP and other
18 government requirements, with ultimate responsibility lying with WFC’s Board of Directors, and its
19 Audit & Examination Committee in particular. There also exists a high-degree of built-in overlap
20 between the two defendants due to the fact that WFC owns and controls the Bank, and that the Bank
21 directors responsible for ensuring compliance with HAMP and other government requirements were
22 also WFC executives and/or directors.

23 **ANSWER:** The Bank admits that Plaintiffs use “WFC” to refer to Wells Fargo & Company and
24 “Bank” to refer to Wells Fargo Bank, N.A. The Bank denies the remaining allegations in paragraph
25 29.

FACTUAL ALLEGATIONS

A. Wells Fargo Wrongfully Forecloses on Its Customers' Homes

30. Plaintiffs are among the millions of homeowners who had trouble making ends meet during the Great Recession. They fell behind on their mortgage payments and needed help to avoid losing their homes.

ANSWER: The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the allegations of paragraph 30 and, on that basis, denies the allegations of paragraph 30.

31. The Home Affordable Modification Program (HAMP) was designed to provide the very help that Plaintiffs and class members needed. Introduced pursuant to the Emergency Economic Stabilization Act of 2008, HAMP required mortgage servicers to offer loan modifications to borrowers who met certain threshold requirements. These modifications would lower a borrower's mortgage payments to a manageable level (typically 31 percent of the borrower's monthly income) and allow the borrower to avoid foreclosure.

ANSWER: The Bank admits that the Home Affordable Modification Program ("HAMP") was introduced pursuant to the Emergency Economic Stabilization Act of 2008. The Bank denies the remaining allegations in paragraph 31.

32. Similar threshold requirements were incorporated into the mortgage modification requirements of government-sponsored enterprises (or GSEs), such as Fannie Mae and Freddie Mac, and the Federal Housing Administration (FHA).

ANSWER: The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the allegations of paragraph 32 and, on that basis, denies the allegations of paragraph 32.

33. Plaintiffs and class members met the threshold requirements for a mortgage modification and as their mortgage servicer, Wells Fargo Bank, was required to offer them a loan modification. Wells Fargo failed to do so, however, and instead foreclosed on Plaintiffs and more than five hundred other class members who could not make their monthly payments without a modification.

ANSWER: The Bank denies the allegations in paragraph 33.

34. Another three hundred class members were just able to stave off foreclosure, but not without overcoming numerous financial and emotional difficulties that could have been avoided if Wells Fargo had lowered their mortgage payments as HAMP required.

ANSWER: The Bank denies the allegations in paragraph 34.

B. Wells Fargo Fails to Adequately Test Its Automated Decision-Making Tool Over a Period of at Least 8 Years

35. Wells Fargo has only recently acknowledged that it wrongfully denied Plaintiffs and class members mortgage loan modifications to which they were entitled under HAMP and other government requirements.

ANSWER: The Bank denies the allegations in paragraph 34.

36. In form letters sent to Plaintiffs and class members in late 2018, Wells Fargo claimed that its decision was based on a “faulty calculation.” The problem goes much deeper than a single miscalculation, however, and reflects the same type of extreme and outrageous conduct that has embroiled Wells Fargo in a string of public scandals.

ANSWER: The Bank admits that letters to Plaintiffs in 2018 stated that the Bank based its decision on a faulty calculation. The Bank denies the remaining allegations in paragraph 36.

37. Between 2010 and 2018, Wells Fargo failed to detect multiple systematic errors in its automated decision-making tool. This software determined customers’ eligibility for a government-mandated mortgage modification during a time of extreme financial distress. Its importance to these customers’ lives cannot be overstated. Yet Wells Fargo not only failed to verify that its software was correctly calculating whether customers met threshold requirements for a mortgage modification, it failed to regularly and properly audit the software for compliance with government requirements—allowing life-changing errors to remain uncorrected for years on end.

ANSWER: The Bank denies the allegations in paragraph 37.

38. Wells Fargo was not required to develop its own tool to calculate whether its customers were eligible for government-mandated mortgage modifications. The government provided a free software tool for mortgage servicers to use in determining whether homeowners met

threshold requirements. If Wells Fargo was not going to properly verify and audit its own software, it could have—and should have—used the free software instead.

ANSWER: The Bank admits that it was not required to develop its own tool to calculate whether borrowers were eligible for mortgage modifications and that a free software tool was available to mortgage servicers in connection with certain programs. The Bank denies the remaining allegations in paragraph 38.

39. As a result of Wells Fargo's deficient auditing and compliance procedures, the Bank repeatedly violated HAMP and other government requirements over a period of at least eight years and denied Plaintiffs and class members mortgage modifications that the Bank was legally required to offer.

ANSWER: The Bank denies the allegations in paragraph 39.

C. Wells Fargo's Leadership Fails to Implement Adequate Testing Even After Promising to Do So as Part of 2011 Consent Decrees

40. Wells Fargo failed to use appropriate auditing and compliance procedures even after a 2010 investigation by the Office of Comptroller of the Currency (OCC) found numerous deficiencies in the Bank's mortgage modification and foreclosure practices.

ANSWER: The Bank denies the allegations in paragraph 40.

41. The OCC found, among other things, that the Bank had failed to devote adequate oversight to its foreclosure processes, failed to ensure compliance with applicable laws, and failed to adequately audit its foreclosure procedures.

ANSWER: To the extent paragraph 41 purports to describe specific findings by the OCC, the Bank refers to those findings for a complete statement of their terms. The Bank denies the allegations of paragraph 41 to the extent they are inconsistent therewith.

42. Wells Fargo agreed to correct these deficiencies in two 2011 consent orders, one of which was signed by the Bank's Board of Directors (all of whom were also officers and/or directors of Wells Fargo & Company), and the other of which was signed by WFC pursuant to a resolution passed by WFC's Board of Directors.

1 **ANSWER:** The Bank admits that its Board of Directors signed a document entitled “Consent
2 Order” with the OCC on March 31, 2011 in the matter of *Wells Fargo Bank, N.A., Sioux Falls, South*
3 *Dakota*, AA-EC-11-19 (the “Bank’s 2011 OCC Consent Order”). To the extent paragraph 42
4 purports to describe the specific contents of the Bank’s 2011 OCC Consent Order, the Bank refers to
5 that document for a complete statement of its terms. The Bank denies the allegations of paragraph
6 42 to the extent they are inconsistent with the terms of the Bank’s 2011 OCC Consent Order.

7 43. Wells Fargo pledged in the 2011 consent orders to maintain adequate governance and
8 controls to ensure compliance with HAMP; to engage in ongoing testing for compliance with
9 HAMP; and to ensure that the Bank’s mortgage modification and foreclosure practices were
10 regularly reviewed and any deficiencies promptly detected and remedied. The Bank also promised to
11 maintain a Compliance Committee of board members to monitor its ongoing compliance with the
12 Consent Order.

13 **ANSWER:** To the extent paragraph 43 purports to describe the specific contents of the Bank’s
14 2011 OCC Consent Order, the Bank refers to that document for a complete statement of its terms.
15 The Bank denies the allegations of paragraph 43 to the extent they are inconsistent with the terms of
16 the Bank’s 2011 OCC Consent Order.

17 44. In one of the consent orders, the Federal Reserve specifically ordered the WFC’s
18 Board of Directors to take steps to ensure the Bank complied with its obligations under the consent
19 orders, including by strengthening the Board’s oversight of compliance with HAMP and other
20 government requirements; to ensure that audit and compliance programs were adequately staffed;
21 and to improve the information and reports that would be regularly reviewed by WFC’s Board of
22 Directors.

23 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
24 or falsity of the allegations of paragraph 44, and, on that basis, denies the allegations of paragraph
25 44.

26 45. Wells Fargo subsequently reported to the Federal Reserve that the Bank’s
27 Compliance Committee was meeting as required, that the Audit & Examination Committee of
28 WFC’s Board of Directors would also assume ongoing responsibility for oversight and compliance

1 based on improved reporting, and that WFC's Chief Operational Risk Officer (CORO) was
2 providing both the Compliance Committee and the Audit & Examination Committee with the
3 necessary information and testing results for them to effectively oversee the Bank's mortgage
4 modification and foreclosure practices and ensure compliance with HAMP and other government
5 requirements.

6 **ANSWER:** To the extent paragraph 45 purports to describe the specific contents of the Bank's
7 reports to the Federal Reserve, the Bank refers to those reports for a complete statement of their
8 contents. The Bank denies the allegations of paragraph 45 to the extent they are inconsistent with
9 the Bank's reports to the Federal Reserve.

10 46. Together, Wells Fargo's executives and board members—in particular, Wells Fargo's
11 Compliance Committee, Chief Operational Risk Officer, and Audit & Examination Committee—
12 were supposed to make sure that the Bank conducted the necessary testing to detect and remedy any
13 violations of HAMP and other government requirements. They repeatedly failed to fulfill these
14 obligations over the course of several years, however—in violation of the promises they made in the
15 2011 Consent Order and in callous disregard of the well-being of their customers.

16 **ANSWER:** The Bank denies the allegations in paragraph 46.

17 47. Four years after Wells Fargo agreed to the terms of the 2011 consent orders, in June
18 2015, the OCC found that the Bank was still in continuing noncompliance. Among other things, the
19 OCC found that Wells Fargo had not maintained ongoing testing for compliance with HAMP and
20 other government requirements; had not ensured that the Bank's audit and compliance programs had
21 the requisite authority and status within Wells Fargo so that deficiencies in the Bank's mortgage
22 modification and foreclosure practices would be identified and promptly remedied; and had not
23 ensured that the Bank was making reasonable good faith efforts, consistent with HAMP and other
24 government requirements, to modify delinquent mortgage loans and prevent foreclosures of its
25 customers' homes.

26 **ANSWER:** The Bank admits that its Board of Directors signed a document entitled "Consent
27 Order Amending the 2011 Consent Order and 2013 Amendment to the 2011 Consent Order" with
28 the OCC on June 9, 2015 in the matter of *Wells Fargo Bank, N.A., Sioux Falls, South Dakota*, which

1 amended AA-EC-11-19 and #2013-132 (the “Bank’s 2015 OCC Consent Order”). To the extent
 2 paragraph 47 purports to describe the specific contents of the Bank’s 2015 OCC Consent Order, the
 3 Bank refers to that document for a complete statement of its terms. The Bank denies the allegations
 4 of paragraph 47 to the extent they are inconsistent with the terms of the Bank’s 2015 OCC Consent
 5 Order.

6 **D. Wells Fargo Conceals Its Discovery of One of the Systematic Errors from**
 7 **Regulators and Consumers**

8 48. In response to Wells Fargo’s ongoing violations of the 2011 Consent Order, the OCC
 9 prohibited the Bank from growing its residential mortgage servicing business until Wells Fargo
 10 brought its operations into compliance with an amended consent order. The OCC also stated that it
 11 would be taking additional action against Wells Fargo, the nature and severity of which would
 12 depend on the nature, length, and severity of the Bank’s continued noncompliance with the amended
 13 consent order.

14 **ANSWER:** To the extent paragraph 48 purports to describe the specific contents of the Bank’s
 15 2015 OCC Consent Order, the Bank refers to that document for a complete statement of its terms.
 16 The Bank denies the allegations of paragraph 48 to the extent they are inconsistent with the terms of
 17 the Bank’s 2015 OCC Consent Order.

18 49. As a result of Wells Fargo’s continuing failure to implement adequate auditing and
 19 compliance procedures, Wells Fargo failed to catch an error in its mortgage modification software
 20 that led the Bank to wrongly deny mortgage modifications to 184 customers between March 2013
 21 and October 2014. The OCC specifically noted this error in its May 24, 2016 order requiring Wells
 22 Fargo to pay a civil money penalty of \$70 million.

23 **ANSWER:** The Bank denies the allegations in paragraph 49, except it admits that it executed a
 24 document entitled “Consent Order for a Civil Monetary Penalty” on May 17, 2016 in the matter of
 25 *Wells Fargo Bank, N.A., Sioux Falls, South Dakota*, AA-EC-2016-30 (the “Bank’s 2016 Consent
 26 Order”).

27 50. Unbeknownst to the OCC, Wells Fargo had discovered another error in its mortgage
 28 modification software in October 2015—one of the errors at issue in this case—which caused the

Bank to wrongly deny mortgage modifications to 625 customers. Well Fargo decided not to tell anybody it had discovered this error—likely as part of an effort to avoid a larger penalty from the OCC and ensure that the OCC would terminate its supervision of the Bank under the 2011 Consent Order and lift the business restrictions it had imposed in 2015.

ANSWER: The Bank denies the allegations in paragraph 50.

51. The Bank's seven-member Board of Directors, each of whom also served on WFC's Board of Directors, signed the stipulation under which the Bank accepted the \$70 million penalty and acknowledged the error that led the Bank to wrongly deny mortgage modifications to 184 customers in 2013-2014. These directors did not disclose that the Bank had discovered another error—either because their oversight was so non-existent that they did not know, or because they chose to deliberately mislead the OCC to minimize the Bank's penalty and ensure that the OCC lifted the business restrictions it had imposed on the Bank.

ANSWER: The Bank denies the allegations in paragraph 51.

52. To make matters worse, even after discovering the 2015 error, Wells Fargo still did not reform its auditing and verification practices. Related errors that would affect an additional 145 customers were not discovered until three years later.

ANSWER: The Bank denies the allegations in paragraph 52.

E. Wells Fargo's Repeated Failure to Test Its Automated Tool Stems from the Company's Chronic and Intentional Lack of Central Oversight

53. The failure of Wells Fargo's executives and board members to implement adequate auditing and compliance procedures was not an accident. As scandal after scandal comes to light, it has become all too clear that Wells Fargo's leaders intentionally abandoned their oversight responsibilities—and did so to a shocking degree.

ANSWER: The Bank denies the allegations in paragraph 53.

54. The most notorious example is the fraudulent account scandal uncovered in 2016, when it was revealed that Wells Fargo employees were encouraged to sign up customers for some 3.5 million checking and credit card accounts without their knowledge. Wells Fargo was fined \$185

1 million by federal regulators and over 5,000 employees (roughly 1% of Wells Fargo's workforce)
2 were fired for their involvement in the scandal.

3 **ANSWER:** The Bank admits that it was fined \$185 million by various entities, including some of
4 its federal regulators. The Bank denies the remaining allegations in paragraph 54.

5 55. The fraudulent account scandal also involved the Audit & Examination Committee,
6 which ignored quarterly reports detailing suspicious sales activities for over a decade and rebuffed
7 an institutional investor's request that the Board address its lack of comprehensive audit procedures
8 and adjust compensation policies to discourage abusive sales practices. The two executives most
9 associated with the fraudulent account scandal—John G. Stumpf and Carrie L. Tolstedt—were
10 signatories to one of the 2011 consent orders discussed above and among those responsible for Wells
11 Fargo's failure to comply with the orders by implementing adequate auditing and compliance
12 procedures.

13 **ANSWER:** The Bank admits that John G. Stumpf and Carrie L. Tolstedt signed the Bank's 2011
14 OCC Consent Order. The Bank denies the remaining allegations in paragraph 55.

15 56. This case and the fraudulent account scandal are far from the only examples of Wells
16 Fargo's Board and executive leadership abdicating their oversight responsibilities. Wells Fargo's
17 Board and executive leadership have consistently ignored unlawful practices throughout the Bank's
18 lending divisions, leading to an unprecedented series of government fines. To give just a few more
19 examples:

- 20 1. In July 2012, Wells Fargo agreed to pay \$175 million to settle charges that its
21 mortgage lending practices discriminated against African-American and Hispanic
22 borrowers
- 23 2. In January 2013, Wells Fargo was one of ten major lenders that agreed to pay a total
24 of \$8.5 billion to resolve claims of foreclosure abuses
- 25 3. In September 2013, Wells Fargo agreed to pay \$869 million to resolve claims it had
26 misrepresented the quality of mortgage loans it sold to Freddie Mac
- 27 4. In April 2016, Wells Fargo agreed to pay \$1.2 billion and accepted responsibility for
28 falsely certifying that mortgage loans were eligible for FHA insurance
5. In August 2016, Wells Fargo agreed to pay a \$3.6 million penalty to resolve
allegations that it engaged in illegal student loan servicing practices

6. In April 2018, Wells Fargo was fined a total of \$1 billion for improperly force-placing insurance on its auto-loan customers (often leading to wrongful vehicle repossessions) and charging its mortgage-loan customers excessive rate-lock fees
7. In December 2018, Wells Fargo agreed to pay \$575 million to resolve allegations it engaged in a variety of improper practices, including selling customers renters' and life insurance they did not ask for and overcharging for GAP auto insurance

ANSWER: To the extent paragraph 56 purports to describe the terms of various settlements, the Bank refers to those settlements for a complete statement of their terms. The Bank denies the allegations of paragraph 56 to the extent they are inconsistent with those settlements. The Bank also denies the allegations made in the matters underlying those settlements.

57. Just as it did in the 2011 Consent Order, Wells Fargo often promised to reform its central oversight as part of its settlements with the government. Each time, Wells Fargo's Board and executives failed to live up to those promises and continued to abdicate their oversight responsibilities. As the OCC stated in April 2018, "Since at least 2011, the Bank has failed to implement and maintain a compliance risk management program commensurate with the Bank's size, complexity and risk profile," which has "caused the Bank to engage in reckless unsafe or unsound practices and violations of law."

ANSWER: The Bank denies the allegations in paragraph 57.

58. Wells Fargo's persistent failure to implement adequate auditing and compliance procedures has grown so flagrant and resulted in so many consumer abuses that, in February 2018, the Federal Reserve Board announced that it would prohibit Wells Fargo from expanding its business until it sufficiently improves its governance and controls.

ANSWER: The Bank denies the allegations in paragraph 58.

59. In its Cease and Desist Order to Wells Fargo, the Federal Reserve Board found that Wells Fargo had pursued a business strategy that emphasized sales and growth without ensuring that senior management had maintained an adequate risk management framework, which resulted in weak compliance practices.

ANSWER: To the extent paragraph 59 purports to describe the contents of the "Order to Cease and Desist Issued Upon Consent Pursuant to the Federal Deposit Insurance Act,

1 as Amended” in the matter of *Wells Fargo & Company, San Francisco, California*, Docket No. 18-
2 007-B-HC (the “2018 Order”), the Bank refers to the 2018 Order for a complete statement of its
3 terms. The Bank denies the allegations of paragraph 59 to the extent they are inconsistent with the
4 terms of the 2018 Order.

5 60. Wells Fargo was ordered to submit a plan for reforming Board oversight and
6 governance, including steps that it will take to hold senior management accountable, maintain a
7 management structure that promotes effective oversight and compliance control, and ensure the
8 comprehensive reporting necessary for the Board to oversee the firm’s execution of its compliance
9 control program.

10 **ANSWER:** To the extent paragraph 60 purports to describe the contents of the 2018 Order, the
11 Bank refers to the 2018 Order for a complete statement of its terms. The Bank denies the allegations
12 of paragraph 60 to the extent they are inconsistent with the terms of the 2018 Order.

13 61. Wells Fargo was also ordered to submit a plan for reforming its firm-wide
14 compliance program, which must include effective testing and validation measures for compliance
15 with applicable laws.

16 **ANSWER:** To the extent paragraph 61 purports to describe the contents of the 2018 Order, the
17 Bank refers to the 2018 Order for a complete statement of its terms. The Bank denies the allegations
18 of paragraph 61 to the extent they are inconsistent with the terms of the 2018 Order.

19 62. Until Wells Fargo’s plans for reform are approved by the Federal Reserve and the
20 implementation of those reforms pass independent review by a third-party auditor, Wells Fargo is
21 subject to an asset cap that restricts the company from growing larger.

22 **ANSWER:** To the extent paragraph 62 purports to describe the contents of the 2018 Order, the
23 Bank refers to the 2018 Order for a complete statement of its terms. The Bank denies the allegations
24 of paragraph 62 to the extent they are inconsistent with the terms of the 2018 Order.

25 63. As one banking expert told the New York Times, Wells Fargo “is lucky it is too big
26 to shut down.” “A smaller bank might have lost its banking licenses.”

27 **ANSWER:** To the extent paragraph 63 purports to describe the contents of specific articles or
28 writings, the Bank refers to those writings for a complete statement of their contents.

F. Wells Fargo's Disclosure of the 2015 Error and Discovery of More Errors

64. A few months after the Federal Reserve's 2018 Cease and Desist Order, and facing the prospect of review by a third-party auditor, Wells Fargo finally disclosed the 2015 error—first to its shareholders in its Q2 2018 Form 10-Q and then to the customers who were denied mortgage modifications, many of whom lost their homes as a result of the error. Wells Fargo wrote in its 10-Q that approximately 625 customers were incorrectly denied a loan modification between April 12, 2010, and October 20, 2015 (when the error was corrected), and that approximately 400 of those instances resulted in a foreclosure. Wells Fargo also wrote that it had “accrued \$8 million to remediate customers,” which amounts to an average of only \$12,800 per customer.

ANSWER: To the extent paragraph 64 purports to describe the contents of Wells Fargo & Company's Form 10-Q for the quarterly period ended June 30, 2018 (the “Q2 2018 10-Q”), the Bank refers to that document for a complete statement of its contents. The Bank denies the allegations of paragraph 64 to the extent they are inconsistent with the contents of the Q2 2018 10-Q.

65. Three months later, in its next Form 10-Q, Wells Fargo disclosed that it had discovered related errors that affected approximately 245 more customers who were incorrectly denied a mortgage modification between March 15, 2010, and April 30, 2018, when Wells Fargo says that “new controls were implemented.” These related errors raised the number of affected customers to approximately 870 and the resulting wrongful foreclosures to approximately 545.

ANSWER: To the extent paragraph 65 purports to describe the contents of Wells Fargo & Company's Form 10-Q for the quarterly period ended September 30, 2018 (the “Q3 2018 10-Q”), the Bank refers to that document for a complete statement of its contents. The Bank denies the allegations of paragraph 65 to the extent they are inconsistent with the contents of the Q3 2018 10-Q.

66. Wells Fargo's long-overdue review of its automated mortgage modification software is apparently still not complete. In its recently filed 10-K Annual Report, Wells Fargo disclosed to shareholders that the “effort to identify other instances in which customers may have experienced harm is ongoing, and it is possible that we may identify other areas of potential concern.”

ANSWER: To the extent paragraph 66 purports to describe the contents of Wells Fargo & Company's 2018 Form 10-K, the Bank refers to that document for a complete statement of its

1 contents. The Bank denies the allegations of paragraph 66 to the extent they are inconsistent with
2 the contents of Wells Fargo & Company's 2018 Form 10-K. The bank denies Plaintiffs' allegation
3 of a "long-overdue review of its mortgage modification software."

4 67. In late 2018, Wells Fargo began sending form letters to the customers affected by the
5 errors in its automated decision-making tools. The letters typically included a check for around
6 \$15,000, and informed customers that if they were not satisfied with that amount, they could
7 consider mediation through a third-party mediator that Wells Fargo has retained.

8 **ANSWER:** The Bank admits that it began a voluntary remediation program in the fall of 2018,
9 and that the remediation program included payments to borrowers and invited them to participate in
10 cost-free, voluntary, and non-binding mediation if they believed their concerns had not been
11 sufficiently addressed. The Bank denies the remaining allegations in paragraph 67.

12 68. The amounts that Wells Fargo is offering its customers is nowhere near enough to
13 compensate them for the damage that Wells Fargo's conduct caused them, and indicates that while
14 Wells Fargo wants the Federal Reserve to believe it has changed its ways, the company is unwilling
15 to accept full responsibility for the life-altering consequences its behavior has wrought.

16 **ANSWER:** The Bank denies the allegations in paragraph 68.

17 69. As a result of Wells Fargo's conduct, the lives of Plaintiffs and class members have
18 been irrevocably altered. Their damages include loss of their homes; loss of equity in their homes;
19 loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and
20 money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of
21 time and money to find new housing and move their families; loss of favorable interest rates or other
22 favorable loan terms; damage to credit; opportunity costs due to damaged credit or higher mortgage
23 payments; stress-related illnesses; broken marriages; children coping with the financial and
24 emotional consequences of their parents losing the family home; and severe emotional distress.

25 **ANSWER:** The Bank denies the allegations in paragraph 69.
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27
28

PLAINTIFFS' EXPERIENCES

1. Debora Granja (California)

70. Plaintiff Debora Granja purchased her home, located in Brentwood, California, with her then-husband in 2004. The couple eventually had three daughters living with them and put substantial time and money into making the house their own. Wells Fargo became Ms. Granja's mortgage lender following a refinance in 2006.

ANSWER: The Bank admits that it became Plaintiff Debora Granja's mortgage lender in 2006, after she refinanced her existing mortgage loan. The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 70, and, on that basis, denies the remaining allegations of paragraph 70.

71. Around 2009, Ms. Granja's husband lost his job as a landscaping manager. Ms. Granja, who had been working only part-time, returned to full-time work to support her family.

ANSWER: The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the allegations of paragraph 71, and, on that basis, denies the allegations of paragraph 71.

72. Ms. Granja began seeking a loan modification from Wells Fargo in 2010. Each time she called Wells Fargo, she spoke to a different representative. Initially, the representatives told her that she would easily qualify for a modification based on her circumstances. Ms. Granja tried submitting her loan modification application numerous times. Each time, Wells Fargo would claim it lost her paperwork and would ask her to resend it.

ANSWER: The Bank admits that Ms. Granja began seeking a trial loan modification from the Bank in 2010. The Bank denies the remaining allegations in paragraph 72.

73. Eventually, around 2012, Wells Fargo representatives falsely told Ms. Granja that she did not qualify for a modification. The Bank foreclosed on her house and Ms. Granja was forced to find a rental home for her family. Her daughters had to change schools and leave the only environment they knew.

ANSWER: The Bank admits that a foreclosure was completed on the property securing Ms. Granja's loan. The Bank denies that its representatives "falsely told Ms. Granja that she did not

1 qualify for a loan modification.” The Bank lacks knowledge and information sufficient to form a
2 basis as to the truth or falsity of the remaining allegations of paragraph 73, and, on that basis, denies
3 the remaining allegations of paragraph 73.

4 74. Wells Fargo’s failure to grant Ms. Granja a loan modification caused great strain on
5 her marriage. Ms. Granja and her husband legally separated around the time of the foreclosure. The
6 stress of the foreclosure also severely affected Ms. Granja’s health. She was diagnosed with severe
7 depression in 2013. Four years later, Ms. Granja was diagnosed with acute traumatic stress disorder.
8 Her breakdown was triggered by a minor car accident but caused by an accumulation of stress over
9 recent years, including from the foreclosure.

10 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
11 or falsity of the allegations of paragraph 74, and, on that basis, denies the allegations of paragraph
12 74.

13 75. In September 2018, Ms. Granja’s ex-husband received a letter from Wells Fargo
14 informing him and Ms. Granja that their mortgage modification should have been approved but was
15 not approved due to an error. He notified Ms. Granja of the letter and she contacted Wells Fargo to
16 provide it with her contact information. Ms. Granja was one of the customers wrongly denied a
17 mortgage modification because of systematic errors in Wells Fargo’s automated decision-making
18 tool.

19 **ANSWER:** The Bank denies that “Ms. Granja was one of the customers wrongly denied a
20 mortgage modification because of systematic errors in Wells Fargo’s automated decision-making
21 tool.” The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity
22 of the remaining allegations of paragraph 75, and, on that basis, denies the remaining allegations of
23 paragraph 75.

24 76. As a result of Wells Fargo’s repeated failure to properly test its automated decision-
25 making tool, Ms. Granja’s life has been irrevocably altered. Her injuries include loss of her family’s
26 home and the time and money put into that home; loss of equity in her home; loss of tax benefits;
27 loss of appreciation in her home’s value following the sale; loss of time and money spent to find
28

1 replacement housing and move her family; loss of time and money spent in an effort to avoid
2 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

3 **ANSWER:** The Bank denies the allegations in paragraph 76.

4 **2. Keith Lindner (California)**

5 77. Mr. Lindner bought a home for his family in Visalia, California in 2003, financing the
6 purchase with a mortgage loan from Wells Fargo. He moved in shortly thereafter with his partner,
7 daughter, and two young stepsons.

8 **ANSWER:** The Bank admits that Mr. Lindner purchased property in Visalia, California in 2003
9 and that he financed the purchase with a loan from Wells Fargo Home Mortgage, Inc., upon
10 information and belief. The Bank lacks knowledge and information sufficient to form a basis as to
11 the truth or falsity of the remaining allegations of paragraph 77, and, on that basis, denies the
12 remaining allegations of paragraph 77.

13 78. As a seasoned professional in the construction industry, Mr. Lindner made wholesale
14 improvements to the home. He built a 16-by-24-foot addition, replaced the windows, carpeting,
15 flooring and interior doors, installed new lighting, and rebuilt showers and closets, among other
16 things.

17 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
18 or falsity of the allegations of paragraph 78, and, on that basis, denies the allegations of paragraph
19 78.

20 79. In 2006, Mr. Lindner began to experience some medical issues. It took a long time for
21 doctors to arrive at the correct diagnosis, and he eventually had surgery in 2008. Following the
22 surgery, he was unable to work for two months. Around the same time, the construction industry
23 began to suffer from the effects of the Great Recession. Mr. Lindner's partner, who by this time was
24 his wife, had recently obtained a master's degree, but was having a hard time finding work. Mr.
25 Lindner's father also fell ill, and Mr. Lindner missed more time at work to be with his ailing father.

26 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
27 or falsity of the allegations of paragraph 79, and, on that basis, denies the allegations of paragraph
28 79.

1 80. In 2009, Mr. Lindner was laid off from his job with the company that had employed
2 him for the previous seven years. This caused the Lindners' already-difficult financial situation to
3 become critical. Mr. Lindner reached out to Wells Fargo to tell them about his financial difficulties
4 and asked them if they could provide any assistance with his mortgage so that his family could stay
5 in their home. Wells Fargo denied his request.

6 **ANSWER:** The Bank admits that it opened a home preservation review for Mr. Lindner in May
7 2009, and that it entered into a Special Forbearance Plan with Mr. Lindner in June 2009. The Bank
8 lacks knowledge and information sufficient to form a basis as to the truth or falsity of the remaining
9 allegations of paragraph 80, and, on that basis, denies the remaining allegations of paragraph 80.

10 81. Mr. Lindner did everything he could to make ends meet, but money became tighter
11 and tighter every month. This took a tremendous toll on the Lindners' marriage, and they separated
12 in September of 2009. Mrs. Lindner moved out of the house with her two sons from a previous
13 relationship, leaving Mr. Lindner with their son, who was about three years old at the time.

14 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
15 or falsity of the allegations of paragraph 81, and, on that basis, denies the allegations of paragraph
16 81.

17 82. Mr. Lindner continued to write hardship letters to Wells Fargo and to apply for a
18 mortgage modification, but was rejected time and time again, both verbally and in writing.
19 Eventually, Mr. Lindner realized that his situation was untenable, and he would have to leave the
20 home. In 2011, Wells Fargo offered him a "cash for keys" deal and paid him \$2,000 to leave his
21 home with his young son.

22 **ANSWER:** The Bank admits that it opened several more home preservation reviews for Mr.
23 Lindner. The Bank denies that Mr. Lindner was "rejected time and time again, both verbally and in
24 writing." The Bank also denies that "in 2011, [it] offered [Mr. Lindner] a 'cash for keys' deal and
25 paid him \$2,000 to leave his home with his young son." The Bank lacks knowledge and information
26 sufficient to form a basis as to the truth or falsity of the remaining allegations in paragraph 82, and,
27 on that basis, denies the remaining allegations of paragraph 82.
28

1 83. Mr. Lindner and his son, who was in kindergarten or first grade at the time, were
2 forced to live in a series of uncomfortable situations, renting rooms in other people's houses until
3 Mr. Lindner obtained his contractor's license in 2013, and was finally able to rent a house in 2014.

4 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
5 or falsity of the allegations of paragraph 83, and, on that basis, denies the allegations of paragraph
6 83.

7 84. Mr. Lindner and his son suffered significant depression and anguish as a result of
8 losing their home. The boy was sad about having to move from the only home he had known, and
9 still fondly remembers it and the friends he left behind. Mr. Lindner was prescribed anti-depressants
10 but did not have a good reaction to them. Mr. Lindner is still recovering from the impact of losing
11 his home, having his credit destroyed, and everything else that he endured as a result of being denied
12 a mortgage modification. His goal now is to be able to buy a home near his ex-wife so that he can be
13 closer to his son and provide him with a secure home.

14 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
15 or falsity of the allegations of paragraph 84, and, on that basis, denies the allegations of paragraph
16 84.

17 85. In late 2018, Mr. Lindner received a letter from Wells Fargo informing him that his
18 mortgage modification should have been approved but was not approved due to an error. Mr.
19 Lindner was one of the customers wrongly denied a mortgage modification because of systematic
20 errors in Wells Fargo's automated decision-making tool.

21 **ANSWER:** The Bank admits that Mr. Lindner received a letter from the Bank in the fall of 2018,
22 upon information and belief. To the extent paragraph 85 purports to describe the contents of that
23 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
24 the allegations of paragraph 85 to the extent they are inconsistent with the contents of the letter. The
25 Bank also denies that "Mr. Lindner was one of the customers wrongly denied a mortgage
26 modification because of systematic errors in Wells Fargo's automated decision-making tool."

27 86. As a result of Wells Fargo's repeated failure to properly test its automated decision-
28 making tool, Mr. Lindner's life has been irrevocably altered. His injuries include loss of his family's

home and the time and money put into that home; loss of equity in his home; loss of tax benefits; loss of appreciation in his home's value; loss of time and money spent to find replacement housing and move his family; loss of time and money spent in an effort to avoid foreclosure; damage to his credit and resulting opportunity costs; and severe emotional distress.

ANSWER: The Bank denies the allegations in paragraph 86.

3. Emma White (Florida)

87. Plaintiff Emma White purchased her home, located in Callahan, Florida, in 2006. She was a single mother who moved into the house with her four children. The property was purchased through a mortgage loan that Wells Fargo later acquired.

ANSWER: The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the allegations of paragraph 87, and, on that basis, denies the allegations of paragraph 87.

88. Around 2009, Ms. White began experiencing financial hardship. She had accumulated debt supporting her children and applied for a mortgage loan modification so that the family could keep their home. The loan modification process was long and complicated. Ms. White kept having to send in the same paperwork over and over again, only to ultimately receive a letter from Wells Fargo in 2013 saying that she did not qualify for a modification.

ANSWER: The Bank denies that Ms. White received a letter from the Bank in 2013 "saying that she did not qualify for a modification." The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 88, and, on that basis, denies the remaining allegations of paragraph 88.

89. Wells Fargo had already initiated foreclosure proceedings, so after it denied her request for a mortgage modification, Ms. White was forced to leave her house. She found a rental apartment in Jacksonville, Florida, for her and three of her children, while Wells Fargo completed its foreclosure of their old home.

ANSWER: The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the allegations of paragraph 89, and, on that basis, denies the allegations of paragraph 89.

1 90. Wells Fargo's actions caused Ms. White significant emotional distress. The
2 foreclosure devastated her, especially because she had to support her children and work to make sure
3 the family had a place to live. Ms. White had been suffering from the stress of supporting her
4 children and other recent events in her life, and the foreclosure multiplied that stress. As a result of
5 everything that was going on in her life, including the foreclosure, Ms. White was diagnosed with
6 depression and began taking antidepressants. Ms. White's children were also affected by the
7 foreclosure. She had to explain to them that she tried her best to keep the house, but ultimately could
8 not do so.

9 **ANSWER:** The Bank denies the allegations in paragraph 90.

10 91. In late 2018, Ms. White received a letter from Wells Fargo informing her that her
11 mortgage modification should have been approved but was not approved due to an error. Ms. White
12 was one of the customers wrongly denied a mortgage modification because of systematic errors in
13 Wells Fargo's automated decision-making tool.

14 **ANSWER:** The Bank admits that Ms. White received a letter from the Bank in the fall of 2018,
15 upon information and belief. To the extent paragraph 91 purports to describe the contents of that
16 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
17 the allegations of paragraph 91 to the extent they are inconsistent with the contents of the letter. The
18 Bank denies that "Ms. White was one of the customers wrongly denied a mortgage modification
19 because of systematic errors in Wells Fargo's automated decision-making tool."

20 92. As a result of Wells Fargo's repeated failure to properly test its automated decision-
21 making tool, Ms. White's life has been irrevocably altered. Her injuries include loss of her family's
22 home and the time and money put into that home; loss of equity in her home; loss of tax benefits;
23 loss of appreciation in her home's value following the sale; loss of time and money spent to find
24 replacement housing and move her family; loss of time and money spent in an effort to avoid
25 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

26 **ANSWER:** The Bank denies the allegations in paragraph 92.
27
28

1 **4. Troy Frye (Georgia)**

2 93. In 2009, Mr. Frye bought a home in Hephzibah, GA for he and his wife, their two
3 young sons (who were about five and seven years old at the time), and his wife's daughter.

4 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
5 or falsity of the allegations of paragraph 93, and, on that basis, denies the allegations of paragraph
6 93.

7 94. Around the beginning of 2013, Mr. Frye was laid off from his job at a local
8 manufacturing plant where he had been employed for about eight to ten years. He applied for and
9 received unemployment assistance, but still was not able to make the monthly mortgage payments
10 on his home. He reached out to Wells Fargo (his mortgage servicer), to see if they would grant him a
11 mortgage modification, which they did in late February 2013.

12 **ANSWER:** The Bank admits that it entered into a document entitled "Loan Modification
13 Agreement" with Mr. Frye in February 2013. The Bank lacks knowledge and information sufficient
14 to form a basis as to the truth or falsity of the remaining allegations of paragraph 94, and, on that
15 basis, denies the remaining allegations of paragraph 94.

16 95. Unfortunately, Mr. Frye's new monthly mortgage payment was not significantly
17 lower, and Mr. Frye continued to have difficulty making his payments. He attempted to get a second
18 modification from Wells Fargo, but this time he was denied—both verbally and in writing. Wells
19 Fargo then initiated foreclosure proceedings.

20 **ANSWER:** The Bank admits that Mr. Frye attempted to get a second trial loan modification and
21 that his request for a trial modification was denied. The Bank also admits that it initiated foreclosure
22 proceedings. The Bank lacks knowledge and information sufficient to form a basis as to the truth or
23 falsity of the remaining allegations of paragraph 95, and, on that basis, denies the remaining
24 allegations of paragraph 95.

25 96. The strain of Mr. Frye's financial hardship, coupled with the uncertainty and stress of
26 the impending foreclosure, had a big impact on Mr. Frye and his family. The relationship between
27 Mr. Frye and the mother of his children became very strained, and in 2014, she moved out with their
28 two boys and her daughter, leaving Mr. Frye alone in the home.

1 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
2 or falsity of the allegations of paragraph 96, and, on that basis, denies the allegations of paragraph
3 96.

4 97. Mr. Frye was able to delay foreclosure proceedings for a while, but Wells Fargo
5 persisted in their efforts to remove him from his home. Around the beginning of 2015, Wells Fargo
6 asked him how much they would need to pay him to leave. Confused and frustrated by the situation,
7 Mr. Frye said he would accept \$2,000. The house had recently been damaged by a kitchen fire that
8 broke out while Mr. Frye was sleeping, and from which he was fortunate to escape with his life. He
9 accepted the \$2,000 from Wells Fargo and moved out, as the house was no longer habitable.

10 **ANSWER:** The Bank admits that it provided Mr. Frye \$2,000 in relocation assistance. The Bank
11 denies that it “persisted” in “efforts to remove him from his home.” The Bank lacks knowledge and
12 information sufficient to form a basis as to the truth or falsity of the remaining allegations of
13 paragraph 97, and, on that basis, denies the remaining allegations of paragraph 97.

14 98. Mr. Frye and his children suffered emotional trauma and depression as a result of the
15 foreclosure and the effects that it had on their lives. They all tried to move on as best they could.

16 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
17 or falsity of the allegations of paragraph 98, and, on that basis, denies the allegations of paragraph
18 98.

19 99. In late 2018, Mr. Frye received a letter from Wells Fargo informing him that his
20 second mortgage modification request should have been approved but was not approved due to an
21 error. Mr. Frye was one of the customers wrongly denied a mortgage modification because of
22 systematic errors in Wells Fargo’s automated decision-making tool.

23 **ANSWER:** The Bank admits that Mr. Frye received a letter from the Bank in the fall of 2018,
24 upon information and belief. To the extent paragraph 99 purports to describe the contents of that
25 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
26 the allegations of paragraph 99 to the extent they are inconsistent with the contents of the letter. The
27 Bank denies that “Mr. Frye was one of the customers wrongly denied a mortgage modification
28 because of systematic errors in Wells Fargo’s automated decision-making tool.”

100. As a result of Wells Fargo's repeated failure to properly test its automated decision-making tool, Mr. Frye's life has been irrevocably altered. His injuries include loss of his family's home and the time and money put into that home; loss of equity in his home; loss of tax benefits; loss of appreciation in his home's value; loss of time and money spent to find replacement housing and move his family; loss of time and money spent in an effort to avoid foreclosure; damage to his credit and resulting opportunity costs; and severe emotional distress.

ANSWER: The Bank denies the allegations in paragraph 100.

5. Coszetta Teague and Iesha Brown (Illinois)

101. Plaintiff Coszetta Teague purchased a home in Calumet City, Illinois, for herself and her daughter, Plaintiff Iesha Brown, in June 2010. Ms. Teague's two young grandchildren moved in shortly thereafter. The property was purchased through a mortgage loan with Wells Fargo.

ANSWER: The Bank admits that Ms. Teague financed her purchase of the subject property through a mortgage loan with the Bank. The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 101, and, on that basis, denies the remaining allegations of paragraph 101.

102. In 2011, Ms. Teague was laid off from her job at Chase Bank. That same year, Ms. Teague lost her mother and her property taxes went up. As a result, Ms. Teague could no longer afford to make her monthly payments, and reached out to Wells Fargo to see if they could help.

ANSWER: The Bank admits that Ms. Teague requested assistance from the Bank. The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 102, and, on that basis, denies the remaining allegations of paragraph 102.

103. Wells Fargo told Ms. Teague to fill out paperwork. Ms. Teague did as she was told, but when she later inquired about the status of her modification request, she was told that it had been lost and that she would have to redo it. It took a long time for Wells Fargo to process Ms. Teague's application, and Wells Fargo's representatives were often impolite during the process, but eventually Wells Fargo told Ms. Teague that she did not qualify for a mortgage modification and it was going to initiate foreclosure proceedings.

1 **ANSWER:** The Bank admits that it asked Ms. Teague to fill out paperwork and that it eventually
2 told her it could not offer her a trial mortgage modification. The Bank denies the remaining
3 allegations in paragraph 103.

4 104. Afraid that the sheriff was going to remove her from her home, Ms. Teague asked her
5 brother to help move her belongings to storage. She hired a foreclosure defense attorney, who
6 charged her \$4,000 but was unable to help. In or around March 2012, Wells Fargo told Ms. Teague
7 she had 30 days before the sheriff would come and evict her. Ms. Teague and her family vacated the
8 home in March or April of that year and Wells Fargo foreclosed shortly thereafter.

9 **ANSWER:** The Bank denies that it told Ms. Teague she had 30 days before the sheriff would
10 come and evict her. The Bank lacks knowledge and information sufficient to form a basis as to the
11 truth or falsity of the remaining allegations of paragraph 104, and, on that basis, denies the
12 remaining allegations of paragraph 104.

13 105. Ms. Teague, her daughter, and her two grandchildren were forced to live in Ms.
14 Teague's car for roughly the next three years, until sometime around March 2015.

15 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
16 or falsity of the allegations of paragraph 105, and, on that basis, denies the allegations of paragraph
17 105.

18 106. The experience was emotionally devastating for all concerned. Ms. Brown was very
19 depressed and had suicidal ideations. She was in therapy from 2012 until 2017, and was prescribed
20 antidepressants, including Zoloft. The grandchildren, who were around four and nine at the time,
21 were sad and confused about losing their home and having to live in a car, change schools, and leave
22 all their friends. They shut down, stopped interacting with people, and were in therapy from 2012 to
23 2017. Ms. Teague was also diagnosed with depression following the foreclosure, and was prescribed
24 antidepressants, including Zoloft. She began therapy in 2012 and has continued with it to the present
25 day. She is on social security and disability.

26 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
27 or falsity of the allegations of paragraph 106, and, on that basis, denies the allegations of paragraph
28 106.

107. In late 2018, Ms. Teague received a letter from Wells Fargo informing her that her mortgage modification should have been approved but was not approved due to an error. Ms. Teague was one of the customers wrongly denied a mortgage modification because of systematic errors in Wells Fargo's automated decision-making tool.

ANSWER: The Bank admits that Ms. Teague received a letter from the Bank in the fall of 2018, upon information and belief. To the extent paragraph 107 purports to describe the contents of that letter, the Bank refers to that document for a complete statement of its contents. The Bank denies the allegations of paragraph 107 to the extent they are inconsistent with the contents of the letter. The Bank denies that "Ms. Teague was one of the customers wrongly denied a mortgage modification because of systematic errors in Wells Fargo's automated decision-making tool."

108. As a result of Wells Fargo's repeated failure to properly test its automated decision-making tool, Ms. Teague and Ms. Brown's lives have been irrevocably altered. Their injuries include loss of their home and the time and money put into that home; loss of equity in the home; loss of tax benefits; loss of appreciation in the home's value following the sale; loss of time and money spent to find replacement shelter and relocate; loss of time and money spent in an effort to avoid foreclosure; damage to Ms. Teague's credit and resulting opportunity costs; and severe emotional distress.

ANSWER: The Bank denies the allegations in paragraph 108.

6. Russell and Brenda Simoneaux (Louisiana)

109. Plaintiffs Russell and Brenda Simoneaux purchased their home in Baton Rouge, Louisiana, in 1992.

ANSWER: The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the allegations of paragraph 109, and, on that basis, denies the allegations of paragraph 109.

110. Mr. and Mrs. Simoneaux contacted Wells Fargo, their mortgage loan servicer, in 2013 because Mr. Simoneaux had recently retired and the couple was living on a fixed income. They applied for a mortgage modification, but were denied.

ANSWER: The Bank admits that Mr. and Mrs. Simoneaux applied for a trial mortgage modification and were denied a trial mortgage modification. The Bank lacks knowledge and

1 information sufficient to form a basis as to the truth or falsity of the remaining allegations of
2 paragraph 110, and, on that basis, denies the remaining allegations of paragraph 110.

3 111. Without a mortgage modification, Mr. and Mrs. Simoneaux had a very difficult time
4 meeting their mortgage obligations. Mr. and Mrs. Simoneaux were both forced to take side jobs for
5 extra income, the couple avoided eating out, and they watched every penny they spent for several
6 years—until their mortgage was finally paid off in late 2018. It was an extremely stressful time.

7 **ANSWER:** The Bank admits that Mr. and Mrs. Simoneaux paid off their mortgage in 2018. The
8 Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity of the
9 remaining allegations of paragraph 111, and, on that basis, denies the remaining allegations of
10 paragraph 111.

11 112. In October 2018, Mr. and Mrs. Simoneaux received a letter from Wells Fargo
12 informing them that their request for a mortgage modification should have been approved but was
13 not approved due to an error. Mr. and Mrs. Simoneaux were among the customers wrongly denied a
14 mortgage modification because of systematic errors in Wells Fargo’s automated decision-making
15 tool.

16 **ANSWER:** The Bank admits that Mr. and Mrs. Simoneaux received a letter from the Bank in the
17 fall of 2018, upon information and belief. To the extent paragraph 112 purports to describe the
18 contents of that letter, the Bank refers to that document for a complete statement of its contents. The
19 Bank denies the allegations of paragraph 112 to the extent they are inconsistent with the contents of
20 the letter. The Bank denies that “Mr. and Mrs. Simoneaux were among the customers wrongly
21 denied a mortgage modification because of systematic errors in Wells Fargo’s automated decision-
22 making tool.”

23 113. As a result of Wells Fargo’s repeated failure to properly test its automated decision-
24 making tool, Mr. and Mrs. Simoneaux were forced to make numerous sacrifices and endure
25 significant stress as they struggled to meet mortgage payments that should have been lowered. Their
26 injuries include loss of more beneficial loan terms; loss of time spent avoiding foreclosure; and
27 opportunity costs resulting from higher mortgage payments.

28 **ANSWER:** The Bank denies the allegations in paragraph 113.

1 **7. John and Yvonne Demartino (Maryland)**

2 114. In 2008, Plaintiffs John and Yvonne Demartino bought a single-family home for
3 \$239,000 in Baltimore, Maryland, with a mortgage loan from Wells Fargo. The home was located
4 next door to their residence. The plan was for Yvonne's mother, Margaret, then in her late seventies
5 and suffering from Parkinson's disease, to move in to be cared for by Yvonne when she was no
6 longer able to live by herself.

7 **ANSWER:** The Bank denies that Plaintiffs John and Yvonne Martino financed their purchase of
8 the subject property through a mortgage loan with the Bank. The Bank lacks knowledge and
9 information sufficient to form a basis as to the truth or falsity of the remaining allegations of
10 paragraph 114, and, on that basis, denies the remaining allegations of paragraph 114.

11 115. After the Demartinos bought the home, their pregnant daughter and son-in-law moved
12 in, with the understanding that they would pay the mortgage and live there until Margaret needed to
13 move in. They got behind on their mortgage payments, however, and the Demartinos had to tap into
14 their savings to bring the mortgage current. In or around 2013, the Demartinos' daughter and son-in-
15 law fell behind on the mortgage payments again, but this time the Demartinos couldn't afford to
16 bring the debt current. The Demartinos applied for a mortgage modification from Wells Fargo but
17 were denied. Wells Fargo foreclosed on the home in around 2013 or 2014.

18 **ANSWER:** The Bank admits that the DeMartinos applied for a trial mortgage modification in
19 early 2013 and that the application for a trial mortgage modification was denied. The Bank denies
20 that it foreclosed on the home in around 2013 or 2014. The Bank lacks knowledge and information
21 sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 115, and,
22 on that basis, denies the remaining allegations of paragraph 115.

23 116. As a result of the foreclosure, the Demartinos' credit scores plummeted—they were
24 forced to pay higher interest on auto loans and were not able to get a home equity line of credit. Mrs.
25 Demartino worked for the Department of Defense, and her credit problems caused her great
26 difficulty at work and threatened the security clearance that she needed for her job. She was
27 eventually forced to retire early as a result of these issues.
28

1 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
 2 or falsity of the allegations of paragraph 116, and, on that basis, denies the allegations of paragraph
 3 116.

4 117. Mr. and Mrs. Demartino suffered great stress and anxiety as a result of the foreclosure
 5 and its effect on their credit. They both developed high blood pressure, and they were humiliated and
 6 afraid to pick up the phone. Mr. Demartino has tried to get the foreclosure removed from his record.
 7 He was told by Wells Fargo that it cannot be erased, however, because even though it was in error,
 8 the foreclosure did in fact occur.

9 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
 10 or falsity of the allegations of paragraph 117, and, on that basis, denies the allegations of paragraph
 11 117.

12 118. Margaret, now 87, lives in a nursing home some distance away, and Mrs. Demartino
 13 has a difficult time getting there to see her. The Demartinos feel terrible every time they look at the
 14 house next door, where Margaret would be living under Mrs. Demartino's care had Wells Fargo not
 15 foreclosed on the home.

16 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
 17 or falsity of the allegations of paragraph 118, and, on that basis, denies the allegations of paragraph
 18 118.

19 119. In late 2018, the Demartinos received a letter from Wells Fargo informing them that
 20 their request for a mortgage modification should have been approved but was not approved due to an
 21 error. The Demartinos were among the customers wrongly denied a mortgage modification because
 22 of systematic errors in Wells Fargo's automated decision-making tool.

23 **ANSWER:** The Bank admits that Mr. and Mrs. Demartino received a letter from the Bank in the
 24 fall of 2018, upon information and belief. To the extent paragraph 119 purports to describe the
 25 contents of that letter, the Bank refers to that document for a complete statement of its contents. The
 26 Bank denies the allegations of paragraph 119 to the extent they are inconsistent with the contents of
 27 the letter. The Bank denies that "Mr. and Mrs. Demartino were among the customers wrongly
 28

1 denied a mortgage modification because of systematic errors in Wells Fargo's automated decision-
2 making tool."

3 120. As a result of Wells Fargo's repeated failure to properly test its automated decision-
4 making tool, the Demartinos has suffered life-altering consequences. Their injuries include loss of
5 their house time and money put into that house; loss of equity in the house; loss of appreciation in
6 the house's value following the sale; loss of time and money spent to find replacement housing for
7 Ms. Demartino's mother; loss of time and money spent in an effort to avoid foreclosure; damage to
8 their credit and resulting opportunity costs; and severe emotional distress.

9 **ANSWER:** The Bank denies the allegations in paragraph 120.

10 **8. Alicia Hernandez (New Jersey)**

11 121. Plaintiff Alicia Hernandez bought her studio condominium, located in North Bergen,
12 New Jersey, in 2006. The property was purchased through a mortgage loan with Wells Fargo.

13 **ANSWER:** The Bank admits that Plaintiff Alicia Hernandez purchased the subject property in
14 North Bergen, New Jersey in 2006 and that she financed that purchase through a mortgage loan with
15 the Bank. The Bank lacks knowledge and information sufficient to form a basis as to the truth or
16 falsity of the remaining allegations of paragraph 121, and, on that basis, denies the remaining
17 allegations of paragraph 121.

18 122. Ms. Hernandez already owned another unit in the complex and thought the studio,
19 with a lot of work, could be developed into an attractive rental due to its close proximity to New
20 York City. It's right across the river from Manhattan, and only a seven-minute drive from Times
21 Square with no traffic. Ms. Hernandez planned to keep the property in her family forever. The unit
22 also had a deeded parking spot, and parking is very difficult to come by in that area.

23 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
24 or falsity of the allegations of paragraph 122, and, on that basis, denies the allegations of paragraph
25 122.

26 123. When Ms. Hernandez purchased her studio, it was just a shell—it had no kitchen and
27 there were bullet holes in the door. But Ms. Hernandez was willing to put in the work, time, and
28 money to create an income-generating property that could provide for her and her family. She tapped

1 into her retirement account and installed new flooring, new appliances, new bathroom fixtures,
2 recessed lighting, and a new air conditioning unit. She also had to contribute additional money when
3 the homeowners' association imposed special assessments.

4 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
5 or falsity of the allegations of paragraph 123, and, on that basis, denies the allegations of paragraph
6 123.

7 124. During the Great Recession, Ms. Hernandez lost her job in a mass layoff, and with the
8 property now her only source of income, had difficulty making her monthly mortgage payment. She
9 applied for a mortgage modification in 2012-13, but Wells Fargo told her that she didn't qualify and
10 instituted foreclosure proceedings in late 2013.

11 **ANSWER:** The Bank denies that "Ms. Hernandez applied for a mortgage modification in 2012-
12 13, but [the Bank] told her that she didn't qualify" and denies that the Bank "instituted foreclosure
13 proceedings in late 2013." The Bank lacks knowledge and information sufficient to form a basis as
14 to the truth or falsity of the remaining allegations of paragraph 124, and, on that basis, denies the
15 remaining allegations of paragraph 124.

16 125. Ms. Hernandez fought foreclosure for several years, but Wells Fargo eventually
17 foreclosed on her property in late 2015. The stress of the foreclosure process had a devastating effect
18 on Ms. Hernandez and her husband. As non-lawyers, the anxiety and confusion of dealing with the
19 court system and the legal process took a severe toll on them emotionally. Ms. Hernandez had a
20 miscarriage during the foreclosure process and was hospitalized for the first time in her life. She also
21 suffered insomnia, panic attacks, and difficulty breathing.

22 **ANSWER:** The Bank admits that Ms. Hernandez contested the foreclosure of the subject
23 property. The Bank denies that it "eventually foreclosed on her property in late 2015." The Bank
24 lacks knowledge and information sufficient to form a basis as to the truth or falsity of the remaining
25 allegations of paragraph 125, and, on that basis, denies the remaining allegations of paragraph 125.

26 126. Ms. Hernandez's husband is a police officer, and both were very concerned about the
27 effects that the foreclosure might have on him professionally. This put a lot of strain on their
28 marriage and caused embarrassment when they ran into colleagues of his while attending court to

1 fight foreclosure. Eventually, Ms. Hernandez and her husband moved to Easton, Pennsylvania, to
 2 escape the stress of being in the same community, and her husband now commutes approximately an
 3 hour and 15 minutes to work.

4 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
 5 or falsity of the allegations of paragraph 126, and, on that basis, denies the allegations of paragraph
 6 126.

7 127. In late 2018, Ms. Hernandez received a letter from Wells Fargo informing her that her
 8 request for a mortgage modification should have been approved but was not approved due to an
 9 error. Ms. Hernandez was one of the customers wrongly denied a mortgage modification because of
 10 systematic errors in Wells Fargo's automated decision-making tool.

11 **ANSWER:** The Bank admits that Ms. Hernandez received a letter from the Bank in the fall of
 12 2018, upon information and belief. To the extent paragraph 127 purports to describe the contents of
 13 that letter, the Bank refers to that document for a complete statement of its contents. The Bank
 14 denies the allegations of paragraph 127 to the extent they are inconsistent with the contents of the
 15 letter. The Bank denies that "Ms. Hernandez was one of the customers wrongly denied a mortgage
 16 modification because of systematic errors in Wells Fargo's automated decision-making tool."

17 128. As a result of Wells Fargo's repeated failure to properly test its automated decision-
 18 making tool, Ms. Hernandez has suffered life-altering consequences. Her injuries include loss of her
 19 property and the time and money put into that property; loss of equity in her property; loss of
 20 appreciation in her property's value following the sale; loss of time and money spent fighting
 21 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

22 **ANSWER:** The Bank denies the allegations in paragraph 128.

23 **9. Rose Wilson (New York)**

24 129. Plaintiff Rose Wilson purchased her home, located in Rochester, New York, in or
 25 around 1995. Ms. Wilson lived in the home for many years with her family, and put a lot of time and
 26 money into the property—including by renovating the kitchen and bathroom.

1 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
2 or falsity of the allegations of paragraph 129, and, on that basis, denies the allegations of paragraph
3 129.

4 130. After Ms. Wilson lost her job due to the economic downturn, however, she struggled
5 to make the mortgage payments on her home.

6 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
7 or falsity of the allegations of paragraph 130, and, on that basis, denies the allegations of paragraph
8 130.

9 131. She applied for a mortgage modification from Wells Fargo (her mortgage servicer)
10 multiple times over the course of several years. Wells Fargo kept stringing her along, requiring her
11 to make monthly payments she could not afford in order to qualify for a mortgage modification, and
12 then telling her the request had been denied and she would need to reapply and start the process all
13 over again.

14 **ANSWER:** The Bank denies the allegations in paragraph 131.

15 132. Ms. Wilson's attempt to obtain a mortgage modification from Wells Fargo and save
16 her home went on for years. During this time, Ms. Wilson had to make many sacrifices to keep
17 making her mortgage payments. She tapped into her retirement account early, incurring tax penalties
18 to do so.

19 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
20 or falsity of the allegations of paragraph 132, and, on that basis, denies the allegations of paragraph
21 132.

22 133. Ms. Wilson's efforts to save her home were ultimately unsuccessful, however, and
23 Wells Fargo foreclosed in 2014. At the time of the foreclosure, Ms. Wilson's daughter, son-in-law,
24 and their two children lived with her. They were all forced to move from their home to a cramped,
25 moldy, rodent-infested rental property. The aftermath of the foreclosure caused Ms. Wilson
26 significant stress and depression. She had worked hard to purchase a home and provide for her
27 family, but after the foreclosure, Ms. Wilson felt utterly defeated and left with nothing. It has taken
28

1 many years for the pain to subside, but she still feels immense sadness whenever she drives by her
2 former house or thinks about her old life.

3 **ANSWER:** The Bank admits that a foreclosure was completed on the property securing Ms.
4 Wilson's loan in 2014. The Bank lacks knowledge and information sufficient to form a basis as to
5 the truth or falsity of the remaining allegations of paragraph 133, and, on that basis, denies the
6 remaining allegations of paragraph 133.

7 134. In late 2018, Ms. Wilson received a letter from Wells Fargo informing her that her
8 request for a mortgage modification should have been approved but was not approved due to an
9 error. Ms. Wilson was one of the customers wrongly denied a mortgage modification because of
10 systematic errors in Wells Fargo's automated decision-making tool.

11 **ANSWER:** The Bank admits that Ms. Wilson received a letter from the Bank in the fall of 2018,
12 upon information and belief. To the extent paragraph 134 purports to describe the contents of that
13 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
14 the allegations of paragraph 134 to the extent they are inconsistent with the contents of the letter.
15 The Bank denies that "Ms. Wilson was one of the customers wrongly denied a mortgage
16 modification because of systematic errors in Wells Fargo's automated decision-making tool."

17 135. As a result of Wells Fargo's repeated failure to properly test its automated decision-
18 making tool, Ms. Wilson has suffered life-altering consequences. Her injuries include loss of her
19 home and the time and money put into that property; loss of equity in her property; loss of
20 appreciation in her property's value following the sale; loss of time and money spent fighting
21 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

22 **ANSWER:** The Bank denies the allegations in paragraph 135.

23 **10. Tiffanie Hood (Ohio)**

24 136. In May of 2001, Ms. Hood bought a three-bedroom home for her family in
25 Cincinnati, Ohio. She moved in with her young children—her son was about eight years old at the
26 time, and her daughter was about 11.

1 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
2 or falsity of the allegations of paragraph 136, and, on that basis, denies the allegations of
3 paragraph 136.

4 137. The home was built in 1926 and needed quite a bit of work. Ms. Hood invested
5 significant resources putting in a kitchen, repairing the roof, replacing the garage door and front
6 door, and completing various other necessary repairs.

7 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
8 or falsity of the allegations of paragraph 137, and, on that basis, denies the allegations of
9 paragraph 137.

10 138. Over the course of the next decade, Ms. Hood's monthly payment obligation kept
11 increasing—largely due to rising property taxes. She began having difficulty making the monthly
12 payment and reached out to Wells Fargo for help. She applied several times for a mortgage
13 modification but was rejected every time.

14 **ANSWER:** The Bank admits that it reviewed Ms. Hood for home preservation assistance, but
15 denies that she “was rejected every time.” The Bank lacks knowledge and information sufficient to
16 form a basis as to the truth or falsity of the remaining allegations of paragraph 138, and, on that
17 basis, denies the remaining allegations of paragraph 138.

18 139. Ms. Hood went through several appeals processes in her efforts to obtain a mortgage
19 modification that would allow her to keep her home but was stymied at every turn. Wells Fargo
20 initiated foreclosure proceedings, and Ms. Hood and her family were forced out of their home in late
21 2014.

22 **ANSWER:** The Bank denies the allegations in paragraph 139.

23 140. With her credit destroyed by the foreclosure, Ms. Hood had a hard time finding a new
24 place to live. Fortunately, her children's aunt owned a townhome that she allowed Ms. Hood to rent
25 at a below-market rate, but after a year, they had to move again. Ms. Hood found an apartment that
26 they were able to rent, but it was condemned by the city. Ms. Hood and her children were evicted
27 and had to move yet again.
28

1 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
2 or falsity of the allegations of paragraph 140, and, on that basis, denies the allegations of paragraph
3 140.

4 141. Ms. Hood and her children suffered emotional trauma and depression as a result of
5 the foreclosure and the effects that it had on their lives. They all tried to move on as best they
6 could.

7 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
8 or falsity of the allegations of paragraph 141, and, on that basis, denies the allegations of
9 paragraph 141.

10 142. In late 2018, Ms. Hood received a letter from Wells Fargo informing her that her
11 mortgage modification should have been approved but was not approved due to an error. Ms. Hood
12 was one of the customers wrongly denied a mortgage modification because of systematic errors in
13 Wells Fargo's automated decision-making tool.

14 **ANSWER:** The Bank admits that Ms. Hood received a letter from the Bank in the fall of 2018,
15 upon information and belief. To the extent paragraph 142 purports to describe the contents of that
16 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
17 the allegations of paragraph 142 to the extent they are inconsistent with the contents of the letter.
18 The Bank denies that "Ms. Hood was one of the customers wrongly denied a mortgage modification
19 because of systematic errors in Wells Fargo's automated decision-making tool."

20 143. As a result of Wells Fargo's repeated failure to properly test its automated decision-
21 making tool, Ms. Hood life has been irrevocably altered. Her injuries include loss of her family's
22 home and the time and money put into that home; loss of equity in her home; loss of tax benefits;
23 loss of appreciation in her home's value following foreclosure; loss of time and money spent to find
24 replacement housing and move her family; loss of time and money spent in an effort to avoid
25 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

26 **ANSWER:** The Bank denies the allegations in paragraph 143.
27
28

1 **11. George and Cyndi Floyd (Pennsylvania)**

2 144. Plaintiffs George and Cyndi Floyd purchased their home, located in Lancaster,
3 Pennsylvania, in 2004. The property was purchased through a mortgage loan with Wachovia, which
4 was later transferred to Wells Fargo.

5 **ANSWER:** The Bank admits the allegations in paragraph 144.

6 145. After the financial crisis hit, the Floyds had difficulty making their mortgage
7 payments. Mr. Floyd lost his job when the company he worked for closed, and Mrs. Floyd later lost
8 her job due to the economic recession as well.

9 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
10 or falsity of the allegations of paragraph 145, and, on that basis, denies the allegations of paragraph
11 145.

12 146. In an effort to save their home, the Floyds went to great lengths: they applied for
13 numerous mortgage modifications over a period of two years; they paid a company to help them
14 avoid foreclosure; and they spent countless hours reaching out to various other companies,
15 government agencies, and even Congressional representatives for help.

16 **ANSWER:** The Bank admits that the Floyds requested home preservation assistance from the
17 Bank. The Bank lacks knowledge and information sufficient to form a basis as to the truth or falsity
18 of the remaining allegations of paragraph 146, and, on that basis, denies the remaining allegations of
19 paragraph 146.

20 147. The Floyds' efforts were ultimately unsuccessful. Wells Fargo denied their final
21 request for a mortgage modification in November 2011 and initiated foreclosure proceedings. The
22 Floyds were forced to move to a new home in Philadelphia.

23 **ANSWER:** The Bank admits that it denied the Floyds a trial mortgage modification in November
24 2011 but denies that it initiated foreclosure proceedings in November 2011. The Bank lacks
25 knowledge and information sufficient to form a basis as to the truth or falsity of the remaining
26 allegations of paragraph 147, and, on that basis, denies the remaining allegations of paragraph 147.

27 148. The foreclosure process was emotionally devastating for the Floyds. Mr. Floyd is
28 disabled and suffers from degenerative disc disease, arthritis throughout his body, and the

1 aftereffects of failed bilateral knee replacements. Being forced to move by Wells Fargo was an
2 extreme hardship that caused Mr. Floyd severe depression and emotional distress. He was
3 hospitalized during the foreclosure process, and though he was eventually able to get through the
4 move to Philadelphia, it took weeks and required the help of Mr. Floyd's nephew and high doses of
5 pain medication. To this day, Mr. Floyd suffers from deep depression and anxiety because of what
6 Wells Fargo has done to him and his family.

7 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
8 or falsity of the allegations of paragraph 148, and, on that basis, denies the allegations of paragraph
9 148.

10 149. In late 2018, the Floyds received a letter from Wells Fargo informing them that their
11 mortgage modification should have been approved but was not approved due to an error. The Floyds
12 were among the customers wrongly denied a mortgage modification because of systematic errors in
13 Wells Fargo's automated decision-making tool.

14 **ANSWER:** The Bank admits that the Floyds received a letter from the Bank in the fall of 2018,
15 upon information and belief. To the extent paragraph 149 purports to describe the contents of that
16 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
17 the allegations of paragraph 149 to the extent they are inconsistent with the contents of the letter.
18 The Bank denies that "the Floyds were among the customers wrongly denied a mortgage
19 modification because of systematic errors in Wells Fargo's automated decision-making tool."

20 150. As a result of Wells Fargo's repeated failure to properly test its automated decision-
21 making tool, the Floyds lives were irrevocably altered. Their injuries include loss of their home and
22 the time and money put into that home; loss of equity in their home; loss of tax benefits; loss of
23 appreciation in their home's value following the sale; loss of time and money spent to find
24 replacement housing and move their belongings; loss of time and money spent in their efforts to
25 avoid foreclosure; damage to their credit and resulting opportunity costs; and severe emotional
26 distress.

27 **ANSWER:** The Bank denies the allegations in paragraph 150.
28

1 **12. Diana Trevino (Texas)**

2 151. In 2007, Plaintiff Diana Trevino purchased a three-bedroom home in Garland, Texas,
3 where she lived with her husband and four children. Close family friend Roder Contreras co-signed
4 the mortgage loan and resided in the home as well. When Mr. Contreras's grandmother became ill in
5 2010, he moved to El Salvador to take care of her. He stopped making his share of the payments on
6 the Trevino home, and quitclaimed his interest in it to the Trevinos.

7 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
8 or falsity of the allegations of paragraph 151, and, on that basis, denies the allegations of paragraph
9 151.

10 152. Because the Trevinos were unable to make the entire monthly mortgage payment
11 without Mr. Contreras's contribution, Ms. Trevino applied for a mortgage modification from Wells
12 Fargo and was approved. After making approximately five to eight payments under the modification
13 plan, Ms. Trevino suffered another setback when her mother became ill with cancer. Ms. Trevino
14 began missing a significant amount of work because she was taking time off to take care of her
15 mother. She fell behind on the mortgage payments, and again sought assistance from Wells Fargo.

16 **ANSWER:** The Bank admits that it entered into a document entitled "Loan Modification
17 Agreement" with Ms. Trevino on or about October 13, 2009. The Bank also admits that it entered
18 into a document entitled "Loan Modification Agreement" with Ms. Trevino on or about May 18,
19 2011. The Bank also admits that Ms. Trevino fell behind on her modified mortgage payments and
20 that she contacted the Bank to request assistance. The Bank lacks knowledge and information
21 sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 152, and,
22 on that basis, denies the remaining allegations of paragraph 152.

23 153. Wells Fargo told Ms. Trevino to stop making mortgage payments so that she could
24 qualify for another mortgage modification, which they assured her she was likely to get. Ms. Trevino
25 stopped making payments as instructed, instead devoting her limited financial resources to her
26 children and ailing mother.

27 **ANSWER:** The Bank denies the allegations in paragraph 153.
28

1 154. In 2013, Ms. Trevino received a call from Wells Fargo notifying her that she had not
2 been approved for a mortgage modification, and that Wells Fargo planned to initiate foreclosure
3 proceedings. She was told she had 60 days to vacate the premises; a follow-up letter conveyed the
4 same information.

5 **ANSWER:** The Bank admits that in 2013, Ms. Trevino received a call notifying her that she had
6 not been approved for a trial mortgage modification. The Bank lacks knowledge and information
7 sufficient to form a basis as to the truth or falsity of the remaining allegations of paragraph 154, and,
8 on that basis, denies the allegations of paragraph 154.

9 155. Ms. Trevino had great difficulty finding a new place for her family to live, but
10 eventually found a three-bedroom apartment in an undesirable neighborhood in Richardson,
11 Texas. The lease was solely in her husband's name, because the foreclosure had ruined Ms.
12 Trevino's credit.

13 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
14 or falsity of the allegations of paragraph 155, and, on that basis, denies the allegations of paragraph
15 155.

16 156. In April of 2013, the Trevinos moved into the apartment. Ms. Trevino tried to keep
17 her children in the same school in Garland, but the travel proved very difficult for the family. At
18 times, some of the children were forced to live with their aunt so they could be nearer to their school.
19 This was hard on the children, who couldn't understand why they had lost their home, or why their
20 mother was so sad all of the time. Some of the children lost friends and started acting out at
21 school. Uncharacteristically, her son and daughter were both suspended from school for misbehavior
22 during this time period.

23 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
24 or falsity of the allegations of paragraph 156, and, on that basis, denies the allegations of paragraph
25 156.

26 157. The stress of the foreclosure, among other factors, strained the Trevinos' marriage,
27 and in 2013 they separated. Eventually they divorced. When the lease on their apartment expired,
28 Ms. Trevino was unable to renew it because she had not been on the original lease, and her poor

1 credit prevented her from getting a lease on her own. The Trevinos were evicted from the apartment
2 and had a very hard time finding a new place to live.

3 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
4 or falsity of the allegations of paragraph 157, and, on that basis, denies the allegations of paragraph
5 157.

6 158. Around the same time, Ms. Trevino's stress and depression got to the point that she
7 wasn't eating or sleeping, and she had to be hospitalized with a bacterial infection. She lost her job
8 and was unemployed for around ten months. She and her children survived on her unemployment
9 benefits and the financial assistance of her sister. Two of Ms. Trevino's sons left college so that they
10 could work and help support the family. Ms. Trevino and her family have worked hard to try to
11 rebuild their lives in the wake of the foreclosure in 2013, and continue to do so to this day.

12 **ANSWER:** The Bank lacks knowledge and information sufficient to form a basis as to the truth
13 or falsity of the allegations of paragraph 158, and, on that basis, denies the allegations of paragraph
14 158.

15 159. In late 2018, Ms. Trevino received a letter from Wells Fargo informing her that her
16 mortgage modification should have been approved but was not approved due to an error. Ms.
17 Trevino was one of the customers wrongly denied a mortgage modification because of systematic
18 errors in Wells Fargo's automated decision-making tool.

19 **ANSWER:** The Bank admits that Ms. Trevino received a letter from the Bank in the fall of 2018,
20 upon information and belief. To the extent paragraph 159 purports to describe the contents of that
21 letter, the Bank refers to that document for a complete statement of its contents. The Bank denies
22 the allegations of paragraph 159 to the extent they are inconsistent with the contents of the letter.
23 The Bank denies that "Ms. Trevino was one of the customers wrongly denied a mortgage
24 modification because of systematic errors in Wells Fargo's automated decision-making tool."

25 160. As a result of Wells Fargo's repeated failure to properly test its automated decision-
26 making tool, Ms. Trevino's life has been irrevocably altered. Her injuries include loss of her family's
27 home and the time and money put into that home; loss of equity in her home; loss of tax benefits;
28 loss of appreciation in her home's value following the sale; loss of time and money spent to find

1 replacement housing and move her family; loss of time and money spent in an effort to avoid
 2 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

3 **ANSWER:** The Bank denies the allegations in paragraph 160.

4 **CLASS ALLEGATIONS**

5 161. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, Plaintiffs seek to pursue
 6 their claims on behalf of a class of similarly situated persons. The parameters of the class may be
 7 refined through discovery and will be subject to Court approval and modification, but for purposes
 8 of this Complaint, Plaintiffs propose the following class definition:

9 Nationwide Class

10 All persons who (i) qualified for a mortgage loan modification or repayment plan
 11 pursuant to the requirements of government-sponsored enterprises (such as Fannie Mae
 12 and Freddie Mac), the Federal Housing Administration (FHA), the U.S. Department of
 13 Treasury's Home Affordable Modification Program (HAMP), or any other
 14 governmental entity or program; and (ii) were not offered a mortgage loan modification
 by Wells Fargo due to a systematic error in Wells Fargo's automated mortgage loan
 modification underwriting tool.

15 **ANSWER:** The allegations of paragraph 161 constitute characterizations of Plaintiffs' First
 16 Amended Class Action Complaint to which no response is required. To the extent a response is
 17 required, the Bank denies the allegations of paragraph 161. The Bank specifically denies that the
 18 proposed class definition is proper or that this action is appropriate for class treatment.

19 162. For purposes of this proposed class definition, "mortgage loan" refers to any loan
 20 secured by real property.

21 **ANSWER:** The Bank admits that Plaintiffs have defined "mortgage loan" to refer to any loan
 22 secured by real property. The Bank denies that the proposed class definition is proper or that this
 23 action is appropriate for class treatment.

24 163. The Nationwide Class will pursue contract claims and UCL claims. Plaintiffs also
 25 propose that the Court consider several subclasses so that class members may pursue unique state
 26 law claims available to them.

27 **ANSWER:** The allegations of paragraph 163 constitute characterizations of Plaintiffs' First
 28 Amended Class Action Complaint to which no response is required. To the extent a response is

1 required, the Bank denies the allegations of paragraph 163. The Bank specifically denies that the
 2 proposed class definition is proper or that this action is appropriate for class treatment.

3 164. The first group of subclasses would only be necessary if the Court determines that the
 4 UCL should not be applied to all class members. These subclasses would be defined as followed and
 5 cover the following states: California, Florida, Georgia, Illinois, Louisiana, Maryland, New Jersey,
 6 New York, Ohio, Pennsylvania, and Texas.

7 [State] Subclass

8 All members of the Nationwide Class whose mortgage loan was secured by real property
 9 located in [State],

10 **ANSWER:** The allegations of paragraph 164 constitute characterizations of Plaintiffs' First
 11 Amended Class Action Complaint to which no response is required. To the extent a response is
 12 required, the Bank denies the allegations of paragraph 164. The Bank specifically denies that the
 13 proposed class definition is proper or that this action is appropriate for class treatment.

14 165. The second group of subclasses would be defined as follows, and permit Plaintiffs to
 15 pursue wrongful foreclosure claims that exist under California and Georgia law.

16 [California/Georgia] Foreclosure Subclass

17 All members of the Nationwide Class whose mortgage loan was secured by real
 18 property located in [California / Georgia] who subsequently lost that property through
 a foreclosure.

19 **ANSWER:** The allegations of paragraph 165 constitute characterizations of Plaintiffs' First
 20 Amended Class Action Complaint to which no response is required. To the extent a response is
 21 required, the Bank denies the allegations of paragraph 165. The Bank specifically denies that the
 22 proposed class definition is proper or that this action is appropriate for class treatment.

23 166. Plaintiffs also propose that the Court certify a larger class for purposes of advancing
 24 Plaintiffs' claims for intentional infliction of emotional distress. This class would include children
 25 and other family members affected by Wells Fargo's wrongful conduct, and would be defined as
 26 follows:
 27
 28

IIED Class

All members of the Nationwide Class and all persons who resided at the subject property when Wells Fargo denied Nationwide Class members a mortgage modification and/or foreclosed on the property.

ANSWER: The allegations of paragraph 166 constitute characterizations of Plaintiffs' First Amended Class Action Complaint to which no response is required. To the extent a response is required, the Bank denies the allegations of paragraph 166. The Bank specifically denies that the proposed class definition is proper or that this action is appropriate for class treatment.

167. Plaintiffs anticipate that they will be able to identify all class and subclass members from Wells Fargo's records and that they can be notified of the pendency of this class action by mail.

ANSWER: The allegations of paragraph 167 constitute characterizations of Plaintiffs' First Amended Class Action Complaint to which no response is required. To the extent a response is required, the Bank denies the allegations of paragraph 167. The Bank specifically denies that the proposed class definition is proper or that this action is appropriate for class treatment.

168. The proposed class and subclasses meet each of the requirements for class certification pursuant to Rule 23(a) and Rule 23(b)(3).

ANSWER: The Bank denies the allegations in paragraph 168.

169. Numerosity. The classes and subclasses are sufficiently numerous such that individual joinders are impracticable and less advantageous than proceeding through the class device. Based on Wells Fargo's public disclosures to date, the Nationwide Class consists of at least 870 persons. And based on information Wells Fargo has provided to Plaintiffs in this case, Plaintiffs estimate that each proposed Subclass consists of at least 20 persons, with the possible exception of the Georgia Foreclosure Subclass.

ANSWER: The Bank denies the allegations in paragraph 169.

170. Commonality & Predominance. Common questions of law and fact exist as to the proposed classes and subclasses, and those common questions predominate over questions affecting only individual class members. These common questions include:

1. Whether Wells Fargo breached a standard notice requirement in mortgage contracts by failing to notify class members they qualified for a mortgage modification;

2. Whether Wells Fargo's conduct, as alleged herein, was extreme and outrageous;
3. Whether Wells Fargo acted with reckless disregard for the probability that its conduct would cause emotional distress to its customers;
4. Wells Fargo owed Plaintiffs and class members a duty to exercise reasonable care when determining their eligibility for a mortgage modification; and
5. Whether Wells Fargo's failure to properly verify or audit its automated decision-making software constitutes an unfair practice.

ANSWER: The Bank denies the allegations in paragraph 170.

171. Typicality. Plaintiffs' claims are typical of those asserted by the proposed classes and subclasses. Both Plaintiffs and class members seek to recover for injuries caused by Wells Fargo's failure to properly verify or audit its automated decision-making tool, which caused both Plaintiffs and class members to be denied mortgage modifications and/or to suffer emotional distress.

ANSWER: The Bank denies the allegations in paragraph 171.

172. Adequacy. Plaintiffs will fairly and adequately represent and protect the interests of the members of the Class, as their interests do not conflict with the interest of the class members they seek to represent. Plaintiffs have retained counsel competent and experienced in complex class action litigation and intend to prosecute this action vigorously.

ANSWER: The Bank denies the allegations in paragraph 172.

173. Superiority. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Successfully prosecuting class members' claims will require an in-depth knowledge of HAMP-related jurisprudence; intensive discovery of a banking giant defended by a large, global law firm; and depositions of several sophisticated banking executives and board members. These are matters that can only realistically be handled through unified class-wide representation, which can be conducted on a contingency basis and offers class members economies of scale unavailable in individual proceedings. A class action also has the benefit of comprehensive supervision by a single court and will avoid the risk of inconsistent results.

ANSWER: The Bank denies the allegations in paragraph 173.

174. In the alternative to class certification under Rule 23(b)(3), the proposed class and subclasses may also be certified under Rule 23(b)(2) or Rule 23(c)(4). Wells Fargo has acted or refused to act on grounds generally applicable to the class, thereby making final injunctive relief or corresponding declaratory appropriate with respect to the class as a whole. And Plaintiffs' claims present a number of discrete but complex factual and legal issues that could be resolved for all class members in a single proceeding.

ANSWER: The Bank denies the allegations in paragraph 174.

TOLLING ALLEGATIONS

175. The causes of actions alleged herein did not accrue or were tolled until Plaintiffs and class members discovered, or could have discovered with the exercise of reasonable diligence, the facts giving rise to their legal claims.

ANSWER: The Bank denies the allegations in paragraph 175.

176. Plaintiffs and class members were not aware that they qualified for a mortgage modification, and that Wells Fargo's automated decision-making tool had miscalculated their eligibility, until Wells Fargo informed them through letters mailed the second half of 2018.

ANSWER: The Bank denies the allegations in paragraph 176.

177. Plaintiffs and class members had no realistic ability to discover these facts on their own. Wells Fargo's automated decision-making tool is not public, and the mathematical calculations used to determine eligibility for a mortgage modification depended on variables within Wells Fargo's exclusive control.

ANSWER: The Bank denies the allegations in paragraph 177.

178. Any applicable statutes of limitations are also tolled by Wells Fargo's knowing, active, and ongoing concealment of the facts alleged herein. Wells Fargo discovered one of the software errors in October 2015 but deliberately concealed its discovery from Plaintiffs and from class members until the second half of 2018. Wells Fargo was under a continuous duty to disclose the truth to Plaintiffs and class members, and Plaintiffs and class members reasonably relied on Wells Fargo's ongoing concealment.

ANSWER: The Bank denies the allegations in paragraph 178.

CHOICE OF LAW ALLEGATIONS

179. The State of California has sufficient contacts to the claims of nonresident Plaintiffs and class members such that application of California's Unfair Competition Law (UCL) is appropriate.

ANSWER: The Bank denies the allegations in paragraph 179.

180. Wells Fargo does substantial business in California; WFC is headquartered in California; the Bank's principal place of business is in California; and a significant portion of the proposed Nationwide Class is located in California.

ANSWER: The Bank admits that Wells Fargo & Company is headquartered in California. The Bank denies the remaining allegations in paragraph 180.

181. In addition, the practices that form the basis of Plaintiffs' and class members' UCL claims against Wells Fargo are centered in California, where WFC is headquartered. WFC owns and controlled the Bank, and is responsible for testing and auditing its mortgage modification operations for compliance with HAMP and other government regulations.

ANSWER: The Bank denies the allegations in paragraph 181.

182. Several of the executives and board members who failed to ensure that Wells Fargo properly tested and audited its mortgage modification operations were based in California. For example, public records indicate that at least four of the ten members who served on the Audit & Examination Committee between 2010 and 2017 were based in California—far more than any other state. In addition, at least one—and likely both—of the executives who served as WFC's Chief Operational Risk Officer between 2010 and 2017, and thus were responsible for the compliance and audit reporting provided to the Compliance Committee and the Audit & Examination Committee, were based in WFC's San Francisco office.

ANSWER: The Bank denies the allegations in paragraph 182.

183. The State of California also has the strong regulatory interest in applying the UCL to all class members' claims. The UCL is designed to preserve a business climate in California free of unfair and deceptive practices. If California were only able to address unfair business conduct when the injured consumer resides in California, the UCL would be largely ineffective at regulating

companies who do business in all fifty states. Violators would be able to keep the vast majority of their ill-gotten gains (all those obtained from non-California consumers), leaving California-based companies like Wells Fargo undeterred from engaging in similar conduct in the future.

ANSWER: The Bank denies the allegations in paragraph 183.

FIRST CAUSE OF ACTION
Breach Of Contract Against Wells Fargo Bank
Brought On Behalf Of The Nationwide Class

184. Plaintiffs Debora Granja, Keith Lindner, Emma White, Troy Frye, Coszetta Teague, John and Yvonne Demartino, Russell and Brenda Simoneaux, Alicia Hernandez, Rose Wilson, Tiffanie Hood, George and Cyndi Floyd, and Diana Trevino incorporate all preceding paragraphs as if fully set forth herein. They bring this claim on behalf of themselves and the Nationwide Class or, in the alternative, on behalf of themselves and the State Subclasses.

ANSWER: The Bank incorporates by reference its responses to each and every allegation contained in all the foregoing paragraphs as if fully set forth herein. The Bank denies that this action is appropriate for class treatment.

185. When Plaintiffs and class members financed their homes, they entered into Security Instruments (typically referred to as a mortgage, deed of trust, or security deed) that set forth the conditions under which the lender could accelerate the borrower's payments and foreclose on the property.

ANSWER: The Court dismissed Plaintiffs' First Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 185 is required.

186. Wells Fargo Bank was subject to the terms of these Security Instruments, either as the original lender, an assignee, or as the mortgage servicer authorized to act on behalf of the lender.

ANSWER: The Court dismissed Plaintiffs' First Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 186 is required.

187. Under the Security Instruments, the Bank was required to give notice to Plaintiffs and class members before it was permitted to accelerate the remaining balance on their loans and initiate the foreclosure process. That notice was required to specify the borrower's default, the action

1 required by the borrower to cure the default, and the date by which the borrower must cure the
2 default to avoid acceleration and foreclosure proceedings.

3 **ANSWER:** The Court dismissed Plaintiffs' First Cause of Action pursuant to its June 3, 2019
4 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 187 is required.

5 188. The Bank breached its contractual obligations to Plaintiffs and class members by
6 failing to give Plaintiffs and class members adequate notice prior to accelerating their loan
7 payments, commencing the foreclosure process, and, in many instances, foreclosing on Plaintiffs'
8 and class members' homes.

9 **ANSWER:** The Court dismissed Plaintiffs' First Cause of Action pursuant to its June 3, 2019
10 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 188 is required.

11 189. In particular, the Bank did not notify Plaintiffs and class members that they could
12 cure their default and avoid acceleration and foreclosure by accepting a mortgage modification.
13 Plaintiffs and class members qualified for a government-mandated mortgage modification, and the
14 Bank was required to offer them a mortgage modification but failed to do so.

15 **ANSWER:** The Court dismissed Plaintiffs' First Cause of Action pursuant to its June 3, 2019
16 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 189 is required.

17 190. As a result of the Bank's breach, Plaintiffs and class members suffered damages in an
18 amount subject to proof, including loss of their homes; loss of equity in their homes; loss of tax
19 benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money
20 spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and
21 money to find new housing and move their families and belongings; loss of favorable interest rates
22 or other favorable loan terms; damage to credit; opportunity costs due to damaged credit or higher
23 mortgage payments.

24 **ANSWER:** The Court dismissed Plaintiffs' First Cause of Action pursuant to its June 3, 2019
25 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 190 is required.
26
27
28

SECOND CAUSE OF ACTION

**Intentional Infliction Of Emotional Distress Against All Defendants
Brought On Behalf Of The IIED Class**

191. Plaintiffs Debora Granja, Keith Lindner, Emma White, Troy Frye, Coszetta Teague, Iesha Brown, John and Yvonne Demartino, Alicia Hernandez, Rose Wilson, Tiffanie Hood, George and Cyndi Floyd, and Diana Trevino incorporate all preceding paragraphs as if fully set forth herein. They bring this claim on behalf of themselves and the Nationwide Class or, in the alternative, on behalf of themselves and the State Subclasses.

ANSWER: The Bank incorporates by reference its responses to each and every allegation contained in all the foregoing paragraphs as if fully set forth herein. The Bank denies that this action is appropriate for class treatment.

192. Wells Fargo engaged in extreme and outrageous conduct as alleged herein. Wells Fargo repeatedly failed to properly verify or audit mortgage modification software on which its customers' homes and wellbeing depended. It allowed systemic errors to persist for five to eight years; ignored consent decrees requiring it to reform its mortgage modification and foreclosure practices; failed to reform its verification and auditing practices even after the government found a software error had led the Bank to wrongfully deny mortgage modifications; concealed its discovery of an additional software error from regulators and customers; and failed to identify other related errors for an additional three years.

ANSWER: The Bank denies the allegations in paragraph 192.

193. The same extreme and outrageous conduct that caused a series of scandals and consumer abuses within Wells Fargo—leading the government to impose billions of dollars in fines and to forbid Wells Fargo from growing until reforms were implemented—was also responsible for Plaintiffs and class members losing their homes here. Wells Fargo's Board and executive leadership abandoned their oversight responsibilities to a shocking degree, repeatedly ignoring compliance failures, government fines, and consent decrees requiring leadership to implement appropriate auditing and compliance procedures.

ANSWER: The Bank denies the allegations in paragraph 193.

1 194. With regard to the Bank's mortgage modification and foreclosure processes in
2 particular, Wells Fargo's Board and executive leadership repeatedly failed to ensure the Bank
3 conducted the necessary testing and audits to detect and promptly remedy any violations of HAMP
4 or other government requirements. Wells Fargo's leadership ignored its oversight responsibilities
5 even after the government found it had not adequately overseen the Bank's mortgage modification
6 and foreclosure operations, even after it agreed to implement proper oversight as part of two 2011
7 consent orders, and even after the government found in 2015 that Wells Fargo had continuously
8 failed to comply with the consent. Leadership so flagrantly and repeatedly disregarded its oversight
9 responsibilities that the Federal Reserve imposed an asset-restriction on Wells Fargo, under which it
10 will be prohibited from growing unless and until it reforms its oversight and governance.

11 **ANSWER:** The Bank denies the allegations in paragraph 194.

12 195. Wells Fargo acted with reckless disregard for the probability that its conduct would
13 cause emotional distress to customers, including Plaintiffs and class members, who were wrongfully
14 denied mortgage modifications and foreclosed upon.

15 **ANSWER:** The Bank denies the allegations in paragraph 195.

16 196. As a result of Wells Fargo's conduct, Plaintiffs and class members have suffered
17 severe emotional distress, as alleged herein, which has contributed to diagnoses of anxiety and
18 depression, extended psychological therapy, hospitalizations, high blood pressure, various health
19 problems, marital struggles, social withdrawal, childhood trauma, suicidal ideation, stress disorders,
20 and a number of other physical, psychological, and social afflictions.

21 **ANSWER:** The Bank denies the allegations in paragraph 196.

22 197. Plaintiffs and class members seek compensatory damages as well as punitive
23 damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for
24 the rights of Plaintiffs and class members.

25 **ANSWER:** The Bank admits that Plaintiffs seek compensatory and punitive damages, but denies
26 that Plaintiffs or the putative class members are entitled to any such damages. The Bank denies the
27 remaining allegations in paragraph 197.

28

THIRD CAUSE OF ACTION
Negligence Against All Defendants
Brought On Behalf Of The California Subclass

198. Plaintiffs Debora Granja and Keith Lindner incorporate all preceding paragraphs as if fully set forth herein. They bring this claim on behalf of themselves and the California Subclass.

ANSWER: The Bank incorporates by reference its responses to each and every allegation contained in all the foregoing paragraphs as if fully set forth herein. The Bank denies that this action is appropriate for class treatment.

199. Wells Fargo undertook to review Plaintiffs' and class members' mortgage loans for potential modification. In doing so, Wells Fargo owed Plaintiffs and class members a duty to exercise reasonable care when determining whether Plaintiffs and class members were eligible for a mortgage modification.

ANSWER: The Court dismissed Plaintiffs' Third Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 199 is required.

200. Wells Fargo breached its duty by evaluating Plaintiffs' and class members' eligibility using automated software that had not been properly verified or audited to ensure its accuracy. Wells Fargo permitted multiple systemic errors in its automated software to remain uncorrected for five to eight years. It failed to properly verify or audit its software even after the government required it to reform its mortgage modification and foreclosure process in 2011; even after the government found a software error had led the Bank to wrongfully deny mortgage modifications in 2013-2014; and even after it discovered another error in its software in 2015.

ANSWER: The Court dismissed Plaintiffs' Third Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 200 is required.

201. Wells Fargo's negligence is also presumed under the doctrine of negligence per se, as Wells Fargo's conduct violated HAMP; Wells Fargo's HAMP violations caused Plaintiffs and class members to be wrongfully denied mortgage modifications and suffer damages, including loss of their homes to foreclosure; HAMP was designed to maximize assistance to homeowners and prevent

1 foreclosures; and Plaintiffs and class members are among the homeowners for whose protection
2 HAMP was adopted.

3 **ANSWER:** The Court dismissed Plaintiffs' Third Cause of Action pursuant to its June 3, 2019
4 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 201 is required.

5 202. Wells Fargo's negligence caused Plaintiffs and class member to be wrongly denied a
6 mortgage modification, resulting in damages subject to proof, including loss of their homes; loss of
7 equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following
8 foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money
9 put into their homes; loss of time and money to find new housing and move their families; loss of
10 favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs due to
11 damaged credit or higher mortgage payments; and emotional distress.

12 **ANSWER:** The Court dismissed Plaintiffs' Third Cause of Action pursuant to its June 3, 2019
13 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 202 is required.

14 203. Plaintiffs and class members seek compensatory damages as well as punitive
15 damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for
16 the rights of Plaintiffs and class members.

17 **ANSWER:** The Court dismissed Plaintiffs' Third Cause of Action pursuant to its June 3, 2019
18 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 203 is required.

19 **FOURTH CAUSE OF ACTION**

20 **Wrongful Foreclosure Against All Defendants**

21 **Brought On Behalf Of The California And Georgia Foreclosure Subclasses**

22 204. Plaintiffs incorporate all preceding paragraphs as if fully set forth herein.

23 **ANSWER:** The Bank incorporates by reference its responses to each and every allegation
24 contained in all the foregoing paragraphs as if fully set forth herein.

25 **California Foreclosure Subclass**

26 205. Plaintiffs Debora Granja and Keith Lindner bring this claim on behalf of themselves
27 and the California Foreclosure Subclass.
28

1 **ANSWER:** The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019
 2 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 205 is required.

3 206. Wells Fargo wrongfully foreclosed on Plaintiffs' and the California Foreclosure
 4 Subclass's real property pursuant to a power of sale in their Security Instruments. The foreclosure
 5 was unlawful and/or unfair because Wells Fargo did not first notify Plaintiffs and the California
 6 Foreclosure Subclass that they could cure their default by accepting a mortgage modification.
 7 Plaintiffs and class members qualified for the mortgage modification and Wells Fargo was required
 8 by the Security Agreements to notify Plaintiffs and class members of actions they could take to cure
 9 their default before exercising its power of sale.

10 **ANSWER:** The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019
 11 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 206 is required.

12 207. Plaintiffs and class members were excused from tendering the amount of their
 13 secured indebtedness, and no breach of condition or failure of performance existed on the part of
 14 Plaintiffs and class members that would have authorized the foreclosure, because Wells Fargo was
 15 required to offer Plaintiffs and class members a mortgage modification before it could accelerate
 16 their secured indebtedness and initiate foreclosure proceedings.

17 **ANSWER:** The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019
 18 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 207 is required.

19 208. Plaintiffs and class members were harmed by the wrongful foreclosure and suffered
 20 damages according to proof, including loss of their homes; loss of equity in their homes; loss of tax
 21 benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money
 22 spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and
 23 money to find new housing and move their families; loss of favorable interest rates or other
 24 favorable loan terms; damage to credit; opportunity costs due to damaged credit; and emotional
 25 distress.

26 **ANSWER:** The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019
 27 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 208 is required.
 28

209. Plaintiffs and the California Foreclosure Subclass seek compensatory damages as well as punitive damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for the rights of Plaintiffs and class members.

ANSWER: The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 209 is required.

Georgia Foreclosure Subclass

210. Plaintiff Troy Frye brings this claim on behalf of himself and the Georgia subclass.

ANSWER: The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 210 is required.

211. Wells Fargo owed Plaintiff Frye and the Georgia Foreclosure Subclass a duty to exercise the power of sale afforded it by Plaintiffs and class members' Security Instruments in conformance with the terms of the Security Instruments and in good faith.

ANSWER: The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 211 is required.

212. Wells Fargo breached its duty by foreclosing on Plaintiffs and class members' homes without first giving Plaintiff and class members notice that they could cure their default by accepting a mortgage modification. Wells Fargo was required to do so under the terms of the Security Instruments. Alternatively, foreclosing on Plaintiffs and class members' homes without first offering them a mortgage modification to which they were entitled constitutes bad faith and unfair execution of the Wells Fargo's power of sale.

ANSWER: The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 212 is required.

213. As a result of Wells Fargo's conduct, Plaintiff Frye and the Georgia Foreclosure Subclass lost their homes to foreclosure and suffered other damages to be proven at trial, including loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their

families; loss of favorable interest rates or other favorable loan terms; damage to credit; opportunity costs due to damaged credit; and emotional distress.

ANSWER: The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 213 is required.

214. Plaintiff and the Georgia Foreclosure Subclass seek compensatory damages as well as punitive damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for the rights of Plaintiffs and class members.

ANSWER: The Court dismissed Plaintiffs' Fourth Cause of Action pursuant to its June 3, 2019 "Order Re Motion to Dismiss." Accordingly, no response to paragraph 214 is required.

FIFTH CAUSE OF ACTION

Violation Of California's Homeowners Bill Of Rights Against All Defendants Brought On Behalf Of The California Subclass

215. Plaintiffs Debora Granja and Keith Lindner incorporate all preceding paragraphs as if fully set forth herein. They bring this claim on behalf of themselves and the California Foreclosure Subclass.

ANSWER: The Bank incorporates by reference its responses to each and every allegation contained in all the foregoing paragraphs as if fully set forth herein. The Bank denies that this action is appropriate for class treatment.

216. Under California's Homeowners Bill of Rights, Wells Fargo had an obligation to ensure that competent and reliable evidence, including the borrower's loan status and information, supported its right to foreclose before it filed a notice of default or notice of sale in connection with the foreclosure of Plaintiffs' and class members' real property. Cal. Civ. Code § 2924.17.

ANSWER: To the extent paragraph 216 states a legal conclusion, no response is required. To the extent a response is required, the Bank denies the allegations in paragraph 216.

217. Wells Fargo materially and recklessly violated its obligation because Plaintiffs' and class members' loan information did not support Wells Fargo's right to foreclose. Plaintiffs' and class members' loan information showed that they qualified for a mortgage modification. Wells Fargo was therefore required to offer Plaintiffs and class members the opportunity to cure their

1 default by accepting a mortgage modification before it could exercise its right to foreclose under
2 Plaintiffs' and class members' Security Instruments.

3 **ANSWER:** The Bank denies the allegations in paragraph 217.

4 218. The automated software that Wells Fargo used to wrongly determine that Plaintiffs
5 and class members did not qualify for a mortgage modification was not reliable and Wells Fargo was
6 reckless in using the software and relying upon it to support its right to foreclose. The software's
7 results had not been properly verified or audited, and as a result, multiple material errors remained
8 uncorrected in the software for five to eight years. Wells Fargo willfully and recklessly continued to
9 rely on its software even after the government cited it for failing to adequately audit its mortgage
10 modification and foreclosure procedures; even after the government found a software error had led
11 the Bank to wrongfully deny mortgage modifications in 2013-2014; and even after Wells Fargo
12 discovered another software error that caused it to wrongly deny modifications in 2015.

13 **ANSWER:** The Bank denies the allegations in paragraph 218.

14 219. As a result of Wells Fargo's violation of the Homeowners Bill of Rights, Plaintiffs
15 Granja and the California Foreclosure Subclass suffered damages according to proof, including loss
16 of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes'
17 value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of
18 time and money put into their homes; loss of time and money to find new housing and move their
19 families; loss of favorable interest rates or other favorable loan terms; damage to credit; and
20 opportunity costs due to damaged credit.

21 **ANSWER:** The Bank denies the allegations in paragraph 219.

22 220. Pursuant to California Civil Code section 2924.19(b), Plaintiffs Granja and each
23 member of the California Foreclosure Subclass seek an award of treble actual damages or statutory
24 damages of \$50,000, whichever is greater.

25 **ANSWER:** The Bank admits that Plaintiffs seek treble actual damages or statutory damages of
26 \$50,000, whichever is greater, but denies that Plaintiffs or the putative class members are entitled to
27 any such damages. The Bank denies the remaining allegations in paragraph 220.
28

SIXTH CAUSE OF ACTION

**Violation Of California's Unfair Competition Law Against All Defendants
Brought On Behalf Of The Nationwide Class**

221. Plaintiffs Debora Granja, Keith Lindner, Emma White, Troy Frye, Coszetta Teague, John and Yvonne Demartino, Russell and Brenda Simoneaux, Alicia Hernandez, Rose Wilson, Tiffanie Hood, George and Cyndi Floyd, and Diana Trevino incorporate all preceding paragraphs as if fully set forth herein. They bring this claim on behalf of themselves and the Nationwide Class.

ANSWER: The Bank incorporates by reference its responses to each and every allegation contained in all the foregoing paragraphs as if fully set forth herein. The Bank denies that this action is appropriate for class treatment.

222. In the alternative, should the Court decide that out-of-state plaintiffs may not maintain this claim against Wells Fargo, Plaintiffs Debora Granja and Keith Lindner bring this claim on behalf of themselves and the California Subclass.

ANSWER: The allegations of paragraph 222 constitute characterizations of Plaintiffs' First Amended Class Action Complaint to which no response is required. To the extent a response is required, the Bank denies the allegations of paragraph 222. The Bank specifically denies that the proposed class definition is proper or that this action is appropriate for class treatment.

223. Wells Fargo has violated and continues to violate California's Unfair Competition Law (UCL), which prohibits unlawful, unfair, or fraudulent practices.

ANSWER: The Bank denies the allegations in paragraph 223.

224. Wells Fargo engaged in unlawful practices by denying mortgage modifications to Plaintiffs and class members in violation of HAMP and other governmental requirements.

ANSWER: The Bank denies the allegations in paragraph 224.

225. Wells Fargo engaged in unfair practices by failing to properly verify or audit the automated software it used to determine whether Plaintiffs and class members were eligible for a mortgage modification. Wells Fargo's faulty verification and auditing practices allowed multiple systemic errors to remain uncorrected for five to eight years and persisted even after the government cited Wells Fargo for failing to adequately audit its mortgage modification and foreclosure

1 processes; even after the government found a software error had led the Bank to wrongfully deny
2 mortgage modifications in 2013-2014; and even after Wells Fargo discovered another software error
3 that caused it to wrongly deny modifications in 2015.

4 **ANSWER:** The Bank denies the allegations in paragraph 225.

5 226. Wells Fargo's Board and executive leadership further engaged in unfair practices by
6 failing to properly oversee the Bank's compliance with HAMP and other governmental
7 requirements. Wells Fargo's lack of central oversight has led to series of consumer abuses and
8 billions of dollars in government fines. Yet despite repeatedly promising to reform its oversight
9 practices, Wells Fargo's Board and executive leadership repeatedly failed to implement or maintain
10 procedures to ensure the Bank was complying with HAMP or other applicable government
11 requirements.

12 **ANSWER:** The Bank denies the allegations in paragraph 226.

13 227. Both Wells Fargo's verification and auditing practices and its oversight practices are
14 unethical, unscrupulous, or substantially injurious to consumers; any legitimate utility of the
15 practices are outweighed by the harm to consumers; and the practices run afoul of the public policies
16 underlying HAMP and California Homeowners Bill of Rights, which seek to help homeowners
17 avoid foreclosure and promote fair mortgage lending and servicing practices.

18 **ANSWER:** The Bank denies the allegations in paragraph 227.

19 228. As a result of Wells Fargo's violations of the UCL, Plaintiffs have suffered injury in
20 fact and lost money and property, including loss of their homes; loss of equity in their homes; loss of
21 tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money
22 spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and
23 money to find new housing and move their families; loss of favorable interest rates or other
24 favorable loan terms; damage to credit; and opportunity costs due to damaged credit.

25 **ANSWER:** The Bank denies the allegations in paragraph 228.

26 229. Pursuant to California Business and Professions Code section 17203, Plaintiffs and
27 class members seek such orders or judgments as may be necessary to prevent the Wells Fargo's
28

1 future use of its unfair and unlawful practices, and to restore to Plaintiffs and class members any
 2 money or property that may have been acquired by means of Wells Fargo's unfair competition.

3 **ANSWER:** The Bank admits that Plaintiffs seek relief under California Business and Professions
 4 Code section 17203, but denies that Plaintiffs or the putative class members are entitled to any such
 5 relief. The Bank denies the remaining allegations in paragraph 229.

6 **SEVENTH CAUSE OF ACTION**
Violation Of State Consumer Protection Laws Against All Defendants
Brought On Behalf Of Five State Subclasses

8 230. Plaintiffs incorporate all preceding paragraphs as if fully set forth herein. In the
 9 alternative or in addition to the preceding claim for violation of the UCL, Plaintiffs and class
 10 members seek recovery under the following state consumer protection statutes as detailed below.

11 **ANSWER:** The Bank incorporates by reference its responses to each and every allegation
 12 contained in all the foregoing paragraphs as if fully set forth herein. The Bank denies that this action
 13 is appropriate for class treatment.

14 **Illinois Subclass**

15 231. Plaintiff Coszetta Teague brings this claim on behalf of herself and the Illinois
 16 Subclass.

17 **ANSWER:** The allegations of paragraph 231 constitute characterizations of Plaintiffs' First
 18 Amended Class Action Complaint to which no response is required. To the extent a response is
 19 required, the Bank denies the allegations of paragraph 231. The Bank specifically denies that the
 20 proposed class definition is proper or that this action is appropriate for class treatment.

21 232. Wells Fargo's conduct as alleged herein violates the Illinois Consumer Fraud Act
 22 (ICFA), 815 ILCS 505/2, which prohibits unfair acts or practices in the conduct of any trade or
 23 commerce.

24 **ANSWER:** The Bank denies the allegations in paragraph 232.

25 233. Wells Fargo engaged in unfair practices by denying mortgage modifications to
 26 Plaintiffs and class members in violation of HAMP and other governmental requirements; by failing
 27 to properly verify or audit the automated software it used to determine whether Plaintiffs and class
 28

1 members were eligible for a mortgage modification; and by failing to implement or maintain
2 procedures to ensure the Bank was complying with HAMP or other government requirements.

3 **ANSWER:** The Bank denies the allegations in paragraph 233.

4 234. As a result of Wells Fargo's violation of the ICFA, Plaintiff Teague and the Illinois
5 Subclass suffered damages according to proof, including loss of their homes; loss of equity in their
6 homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of
7 time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes;
8 loss of time and money to find new housing and move their families; loss of favorable interest rates
9 or other favorable loan terms; damage to credit; and opportunity costs due to damaged credit or
10 higher mortgage payments.

11 **ANSWER:** The Bank denies the allegations in paragraph 234.

12 235. Pursuant to 815 ILCS 505/10a, Plaintiff and the Illinois Subclass seek recovery of
13 their actual economic damages, punitive damages, injunctive relief, and attorneys' fees and costs.

14 **ANSWER:** The Bank admits that Plaintiff Teague seeks recovery of actual damages, punitive
15 damages, injunctive relief, and attorneys' fees and costs, but denies that Plaintiff Teague or the
16 putative class members are entitled to any such relief.

17 **Maryland Subclass**

18 236. Plaintiffs John and Yvonne Demartino bring this claim on behalf of themselves and
19 the Maryland Subclass.

20 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland
21 Consumer Debt Collection Act claims pursuant to its June 3, 2019 "Order Re Motion to Dismiss."
22 Accordingly, no response to paragraph 236 is required.

23 237. Wells Fargo's conduct as alleged herein violates the Maryland Consumer Protection
24 Act (MCPA), Md. Code Ann., Com. Law. § 13-303, which prohibits unfair, abusive or deceptive
25 practices.
26
27
28

1 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland Consumer
 2 Debt Collection Act claims pursuant to its June 3, 2019 “Order Re Motion to Dismiss.”
 3 Accordingly, no response to paragraph 237 is required.

4 238. Wells Fargo engaged in unfair practices by denying mortgage modifications to
 5 Plaintiffs and class members in violation of HAMP and other governmental requirements; by failing
 6 to properly verify or audit the automated software it used to determine whether Plaintiffs and class
 7 members were eligible for a mortgage modification; and by failing to implement or maintain
 8 procedures to ensure the Bank was complying with HAMP or other applicable government
 9 requirements.

10 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland Consumer
 11 Debt Collection Act claims pursuant to its June 3, 2019 “Order Re Motion to Dismiss.”
 12 Accordingly, no response to paragraph 238 is required.

13 239. Wells Fargo also violated both the MCPA and the Maryland Consumer Debt
 14 Collection Act (MDCA), Md. Code Ann. Com. Law § 14-202(8), by attempting to enforce a right to
 15 foreclose on Plaintiffs and class member’s property with reckless disregard as to the falsity of the
 16 existence of the right.

17 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland Consumer
 18 Debt Collection Act claims pursuant to its June 3, 2019 “Order Re Motion to Dismiss.”
 19 Accordingly, no response to paragraph 239 is required.

20 240. The automated software that Wells Fargo used to wrongly determine that Plaintiffs
 21 and class members did not qualify for a mortgage modification was not reliable and Wells Fargo was
 22 reckless in using the software and relying upon it to support its right to foreclose. The software’s
 23 results had not been properly verified or audited, and as a result, multiple material errors remained
 24 uncorrected in the software for five to eight years. Wells Fargo willfully and recklessly continued to
 25 rely on its software even after the government cited it for failing to adequately audit its mortgage
 26 modification and foreclosure procedures; even after the government found a software error had led
 27 the Bank to wrongfully deny mortgage modifications in 2013-2014; and even after Wells Fargo
 28 discovered another software error that caused it to wrongly deny modifications in 2015.

1 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland Consumer
 2 Debt Collection Act claims pursuant to its June 3, 2019 “Order Re Motion to Dismiss.”
 3 Accordingly, no response to paragraph 240 is required.

4 241. As a result of Wells Fargo’s violations of the MCPA and MDCA, Plaintiffs and the
 5 Maryland Subclass suffered damages according to proof, including loss of their homes; loss of
 6 equity in their homes; loss of tax benefits; loss of appreciation in their homes’ value following
 7 foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money
 8 put into their homes; loss of time and money to find new housing and move their families; loss of
 9 favorable interest rates or other favorable loan terms; damage to credit; opportunity costs due to
 10 damaged credit or higher mortgage payments; and emotional distress.

11 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland Consumer
 12 Debt Collection Act claims pursuant to its June 3, 2019 “Order Re Motion to Dismiss.”
 13 Accordingly, no response to paragraph 241 is required.

14 242. Pursuant to Maryland Code Annotated, Commercial Law sections 13-408 and 14-
 15 203, Plaintiffs and the Maryland Subclass seek to recover damages, including damages for emotional
 16 distress and mental anguish, and an award of attorneys’ fees and costs.

17 **ANSWER:** The Court dismissed the Maryland Consumer Protection Act and Maryland
 18 Consumer Debt Collection Act claims pursuant to its June 3, 2019 “Order Re Motion to Dismiss.”
 19 Accordingly, no response to paragraph 242 is required.

20 **New Jersey Subclass**

21 243. Plaintiff Alicia Hernandez brings this claim on behalf of herself and the New Jersey
 22 Subclass.

23 **ANSWER:** The allegations of paragraph 243 constitute characterizations of Plaintiffs’ First
 24 Amended Class Action Complaint to which no response is required. To the extent a response is
 25 required, the Bank denies the allegations of paragraph 243. The Bank specifically denies that the
 26 proposed class definition is proper or that this action is appropriate for class treatment.

244. Wells Fargo's conduct as alleged herein violates the New Jersey Consumer Fraud Act (NJCFA), N.J.S.A. 56:8-2, which prohibits the use of any misrepresentation or deception in connection with the extension of credit or subsequent servicing of that credit.

ANSWER: The Bank denies the allegations in paragraph 244.

245. Wells Fargo represented to Plaintiff and class members that they did not qualify for a mortgage modification. That representation was false and caused Plaintiff and class members ascertainable loss, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs due to damaged credit or higher mortgage payments.

ANSWER: The Bank denies the allegations in paragraph 245.

246. Had Wells Fargo presented accurate information to Plaintiff and class members, they would have opted for the mortgage modification for which they qualified. If Wells Fargo still refused to provide Plaintiff and class members with a mortgage modification, they could and would have used the knowledge that they qualified for a mortgage modification to fight foreclosure.

ANSWER: The Bank denies the allegations in paragraph 246.

247. Pursuant to N.J.S.A. 56:8-19, Plaintiff and the New Jersey Subclass request seek an award of treble damages, injunctive relief, and attorneys' fees and costs.

ANSWER: The Bank admits that Plaintiff Hernandez seeks an award of treble damages, injunctive relief, and attorneys' fees and costs, but denies that Plaintiff Hernandez or the putative class members are entitled to any such relief.

New York Subclass

248. Plaintiff Rose Wilson brings this claim on behalf of herself and the New York Subclass.

ANSWER: The allegations of paragraph 248 constitute characterizations of Plaintiffs' First Amended Class Action Complaint to which no response is required. To the extent a response is

1 required, the Bank denies the allegations of paragraph 248. The Bank specifically denies that the
2 proposed class definition is proper or that this action is appropriate for class treatment.

3 249. Wells Fargo's conduct as alleged herein violates Section 349(a) of New York's
4 General Business Law (GBL), which prohibits deceptive acts or practices.

5 **ANSWER:** The Bank denies the allegations in paragraph 249.

6 250. Wells Fargo's acts and practices were consumer-oriented, as they affected not only
7 Plaintiff but similarly-situated consumers as well, and they had the potential to affect even more
8 consumers. The automated software that used to determine Plaintiffs and other consumers'
9 eligibility for mortgage modifications was systematically flawed and generated inaccurate
10 calculations.

11 **ANSWER:** The Bank denies the allegations in paragraph 250.

12 251. The automated software's calculations had not been properly verified or audited, and
13 as a result, multiple material errors remained uncorrected in the software for five to eight years.
14 Wells Fargo willfully and recklessly continued to rely on its software even after the government
15 cited it for failing to adequately audit its mortgage modification and foreclosure procedures; even
16 after the government found a software error had led the Bank to wrongfully deny mortgage
17 modifications in 2013-2014; and even after Wells Fargo discovered another software error that
18 caused it to wrongly deny modifications in 2015.

19 **ANSWER:** The Bank denies the allegations in paragraph 251.

20 252. Wells Fargo's practice of using systematically-flawed software was deceptive or
21 misleading in a material respect, as it led Plaintiff and class members to believe that they did not
22 qualify for a mortgage modification and caused them to be wrongly denied a mortgage modification.

23 **ANSWER:** The Bank denies the allegations in paragraph 252.

24 253. Had Wells Fargo presented accurate information to Plaintiff and class members, they
25 would have opted for the mortgage modification for which they qualified. If Wells Fargo still refused
26 to provide Plaintiff and class members with a mortgage modification, they could and would have
27 used the knowledge that they qualified for a mortgage modification to fight foreclosure.

28 **ANSWER:** The Bank denies the allegations in paragraph 253.

254. As a result of Wells Fargo's violation of the GBL, Plaintiff and class members suffered damages, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs due to damaged credit or higher mortgage payments.

ANSWER: The Bank denies the allegations in paragraph 254.

255. Pursuant to N.Y. Gen. Bus. Law § 349(h), Plaintiff and the New York Subclass seek an award of damages, injunctive relief, and attorneys' fees.

ANSWER: The Bank admits that Plaintiff Wilson seeks an award of damages, injunctive relief, and attorneys' fees, but denies that Plaintiff Wilson or the putative class members are entitled to any such relief.

Pennsylvania Subclass

256. Plaintiffs Cyndi and George Floyd bring this claim on behalf of themselves and the Pennsylvania Subclass.

ANSWER: The allegations of paragraph 256 constitute characterizations of Plaintiffs' First Amended Class Action Complaint to which no response is required. To the extent a response is required, the Bank denies the allegations of paragraph 256. The Bank specifically denies that the proposed class definition is proper or that this action is appropriate for class treatment.

257. Wells Fargo's conduct as alleged herein constitutes a violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law (UTCPL), 73 Pa. Stat. Ann. § 201-3, which prohibits unfair or deceptive acts or practices in the conduct of trade or commerce.

ANSWER: The Bank denies the allegations in paragraph 257.

258. Wells Fargo's practice of using systematically-flawed software to calculate Plaintiffs' and class members' eligibility for mortgage loan modifications was unfair and deceptive, as it led Plaintiffs and class members to believe that they did not qualify for a mortgage modification and caused them to be wrongly denied a mortgage modification.

ANSWER: The Bank denies the allegations in paragraph 258.

1 259. The automated software's calculations had not been properly verified or audited, and
2 as a result, multiple material errors remained uncorrected in the software for five to eight years.
3 Wells Fargo willfully and recklessly continued to rely on its software even after the government
4 cited it for failing to adequately audit its mortgage modification and foreclosure procedures; even
5 after the government found a software error had led the Bank to wrongfully deny mortgage
6 modifications in 2013-2014; and even after Wells Fargo discovered another software error that
7 caused it to wrongly deny modifications in 2015.

8 **ANSWER:** The Bank denies the allegations in paragraph 259.

9 260. Plaintiffs and class members justifiably relied on Wells Fargo's determination that
10 they did not qualify for a mortgage modification. Had Wells Fargo presented accurate information to
11 Plaintiffs and class members, they would have opted for the mortgage modification for which the
12 qualified. If Wells Fargo still refused to provide Plaintiffs and class members with a mortgage
13 modification, they could and would have used the knowledge that they qualified for a mortgage
14 modification to fight foreclosure.

15 **ANSWER:** The Bank denies the allegations in paragraph 260.

16 261. As a result of Wells Fargo's violation of the UTPCPL, Plaintiffs and class members
17 suffered damages, including loss of their homes; loss of equity in their homes; loss of tax benefits;
18 loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an
19 effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to
20 find new housing and move their families; loss of favorable interest rates or other favorable loan
21 terms; damage to credit; and opportunity costs due to damaged credit or higher mortgage payments.

22 **ANSWER:** The Bank denies the allegations in paragraph 261.

23 262. Pursuant to 73 Pa. Stat. Ann. § 201-9.2, Plaintiffs and the Pennsylvania Subclass seek
24 an award of treble damages, equitable relief, and attorneys' fees and costs.

25 **ANSWER:** The Bank admits that Plaintiffs Floyd seek an award of treble damages, injunctive
26 relief, equitable relief, and attorneys' fees and costs, but denies that Plaintiffs Floyd or the putative
27 class members are entitled to any such relief
28

1 **PRAYER FOR RELIEF**

2 The Bank denies that Plaintiffs have any valid claim and denies that Plaintiffs are entitled to
3 any of the relief requested in their Prayer for Relief.

4 **AFFIRMATIVE DEFENSES**

5 Without conceding that it bears the burden of proof or persuasion as to any of the issues
6 raised in these defenses (whether denominated as affirmative defenses or otherwise), as separate and
7 distinct affirmative defenses to Plaintiffs' First Amended Class Action Complaint, the Bank alleges
8 as follows:

9 **FIRST DEFENSE**

10 (Failure to State a Claim for Relief)

11 Neither the First Amended Class Action Complaint nor any claim for relief asserted therein
12 states facts sufficient to constitute a claim for relief against the Bank.

13 **SECOND DEFENSE**

14 (Lack of Standing)

15 Plaintiffs' claims are barred, in whole or in part, because Plaintiffs lack standing to sue,
16 including because Plaintiffs lack standing to assert claims under the laws of states in which they do
17 not reside.

18 **THIRD DEFENSE**

19 (Statute of Limitations)

20 Some or all of Plaintiffs' and the putative class members' claims are barred by the applicable
21 statutes of limitation and repose.

22 **FOURTH DEFENSE**

23 (Actual and Proximate Injury)

24 The relief sought by Plaintiffs is barred, in whole or in part, because Plaintiffs were not actually
25 and proximately injured by reason of any action(s) or omission(s) of the Bank.
26
27
28

FIFTH DEFENSE

(Failure to Satisfy Rule 23)

This action cannot be maintained as a class action because the named Plaintiffs and the putative class cannot satisfy requirements of Fed. R. Civ. P. 23.

SIXTH DEFENSE

(Preemption)

Plaintiffs' claims are barred because they are preempted by applicable federal law and regulations, including the National Bank Act.

SEVENTH DEFENSE

(Unjust Enrichment)

Plaintiffs' claims are barred, in whole or in part, because Plaintiffs and members of the putative class would be unjustly enriched if allowed to recover any portion of the damages alleged in the First Amended Class Action Complaint.

EIGHTH DEFENSE

(Waiver and Estoppel)

Plaintiffs' claims are barred, in whole or in part, by the doctrines of waiver and/or estoppel.

NINTH DEFENSE

(Failure to Mitigate)

The Bank alleges Plaintiffs' claims for relief are barred, in whole or in part, because Plaintiffs failed to mitigate, reduce, or otherwise avoid the damages that they allegedly suffered.

TENTH DEFENSE

(Unclean Hands)

The Bank alleges some or all of Plaintiffs' claims are barred, in whole or in part, by the doctrine of unclean hands.

ELEVENTH DEFENSE

(Homeowner Bill of Rights Not Retroactive)

The California Homeowner Bill of Rights does not apply to conduct that occurred before January 1, 2013.

TWELFTH DEFENSE

(Compliance with the National Mortgage Settlement)

Some or all of Plaintiffs' claims are barred, in whole or in part, because the Bank complied with the terms of the National Mortgage Settlement.

THIRTEENTH DEFENSE

(Non Owner-Occupied Properties)

Some or all of Plaintiffs' claims are barred, in whole or in part, because their loans were secured by non-owner occupied properties.

FOURTEENTH DEFENSE

(Voluntary Payment Doctrine)

Some or all of Plaintiffs' claims are barred, in whole or in part, by the voluntary payment doctrine.

FIFTEENTH DEFENSE

(Compliance With Federal Rules and Regulations)

Some or all of Plaintiffs' claims are barred, in whole or in part, because the Bank complied with applicable federal rules and regulations.

SIXTEENTH DEFENSE

(HAMP Does Not Have the Force of Law)

Some or all of Plaintiffs' claims are barred, in whole or in part, because HAMP does not have the force of law.

SEVENTEENTH DEFENSE

(No Intent)

Some or all of Plaintiffs' claims are barred, in whole or in part, because the Bank's alleged actions were not intentional or reckless.

EIGHTEENTH DEFENSE

(Contributory and/or Comparative Negligence)

Plaintiffs' damages or injuries, if any, were the direct and proximate result of Plaintiffs' own negligence.

NINETEENTH DEFENSE

(No Duty)

Some or all of Plaintiffs' claims are barred, in whole or in part, because the Bank had no duty to modify their loans as a matter of law.

TWENTIETH DEFENSE

(Claims Barred by Contract)

The Bank's relationship with Plaintiffs was governed by the contract documents entered into by and between the parties. The contract documents set forth the various terms concerning duties and limitations of liability; and those terms are incorporated herein by reference. Because the First Amended Class Action Complaint seeks relief contrary to the terms of those contract documents, it fails to state facts sufficient to constitute causes of action upon which relief can be granted and is, accordingly, barred.

TWENTY-FIRST DEFENSE

(Lack of Deception or Misrepresentation)

Plaintiffs' claims are barred, in whole or in part, because there was no deceptive act or practice, and no misrepresentation or omission.

TWENTY-SECOND DEFENSE

(Unjustified Reliance)

Plaintiffs' claims are barred, in whole or in part, because the challenged actions are not material enough to justify reliance on them.

TWENTY-THIRD DEFENSE

(Lack of Detrimental Reliance)

Plaintiffs' claims are barred, in whole or in part, because Plaintiffs did not detrimentally rely upon any conduct alleged in the First Amended Class Action Complaint.

TWENTY-FOURTH DEFENSE

(Improper Venue)

Plaintiffs' claims are barred, in whole or in part, because venue is not proper in this District.

RESERVATION OF DEFENSES

(Additional Defenses)

The Bank presently has insufficient knowledge or information on which to form a belief as to whether it may have available additional, as yet unstated, defenses. The Bank hereby reserves the right to assert other defenses and affirmative defenses as this action proceeds, the right to file an amended answer asserting additional defenses or affirmative defenses, and/or file a cross-complaint, in the event that discovery indicates that such pleadings are appropriate.

Dated: June 24, 2019

WINSTON & STRAWN LLP

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